

USEFUL LOOK AHEAD FROM WASHINGTON

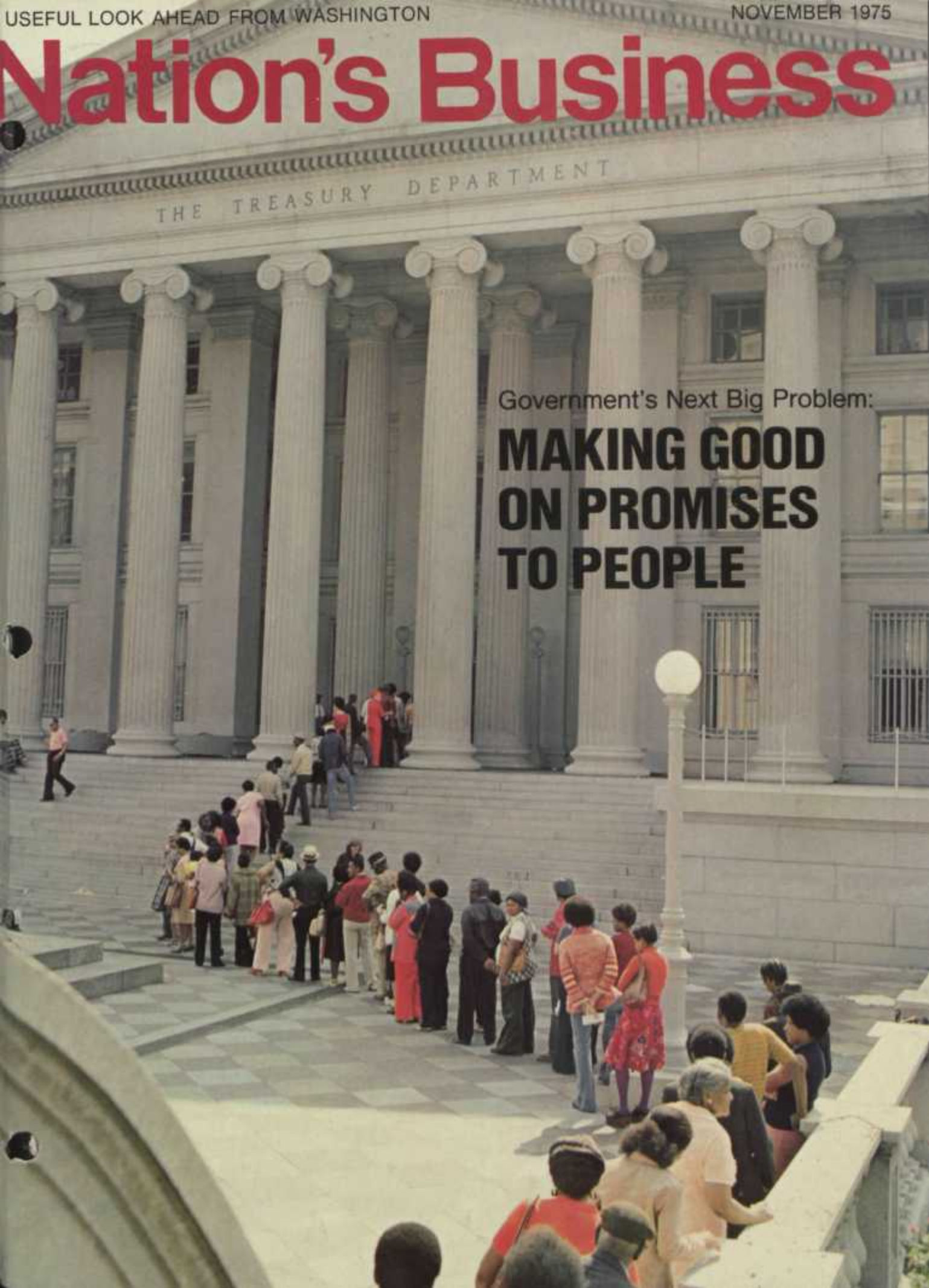
NOVEMBER 1975

Nation's Business

THE TREASURY DEPARTMENT

Government's Next Big Problem:

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The 450SEL is the contemporary version of the classic touring car. The automotive embodiment of elegance.

Technically, the 450SEL is

identical to the 450SE—with two significant exceptions. The SEL's wheelbase and overall length are about four inches longer.

The longer wheelbase contributes to a slightly smoother ride in the SEL. And the additional overall inches have been cunningly crafted into the rear seat area to provide ample legroom without offensive exterior bulkiness.

Appeals to senses

The 450SEL's entire passenger compartment is sealed against noise and heat. All body parts are designed to eliminate vibrations.

The 450SEL's heating, cooling and ventilation system provides a complete air change three times a

minute even with windows closed.

Seats are anatomically designed, contoured and finished in lush, satiny leather.

An appeal to the intellect

Mercedes-Benz enjoys the best resale value of any make of car sold in the United States. Any one.

Only 4,825 SEL's will be imported in all of 1975. It seems only logical, then, that the 450SEL should enjoy remarkable resale value indeed.



Anatomically designed seats with coil springs, rubberized natural fiber padding and leather upholstery.

Unquestionably, the Mercedes-Benz 450SEL is the only true alternative to the 450SE Sedan. A car well worth your close consideration, particularly if your taste is to superb engineering and touring car elegance.



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Nation's Business

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EDITOR'S MEMO

Liberty and Responsibility

MILLIONS OF AMERICANS got a taste of Sam Ervin's homespun philosophy when the North Carolina Democrat chaired the U.S. Senate's special Watergate investigation in 1973.

Editorialists dubbed him "Uncle Sam." That's really a rather apt accolade, for in his long and distinguished career, the former senator has been a staunch defender of the Constitution and the rights guaranteed by this remarkable document on which our government is based.

In a recent interview with Dr. Richard L. Leshner, president of the Chamber of Commerce of the United States, Sen. Ervin talked about the proposed creation of a new consumer protection agency. (See editorial, "The Most Dangerous Piece of Legislation Ever Presented to the Congress," page 80). The senator is opposed to such an agency, and we think you will be interested in the reasons why he feels it would harm consumers more than it would help them.

Sen. Ervin is a strong believer in the individual. Some people, he says, "think that government ought to regulate all the affairs of all of our people. They overlook the fact that a willingness on the part of the people to assume responsibility for their own life is inseparable from liberty. And whenever you destroy that willingness in people and rob them of incentive, liberty is going to perish."

The next presidential election is a year away, but issues are surfacing that will probably determine whom the voters choose.

You can get a good idea of the way the political winds are blowing from those who live in the nation's three bellwether counties. These are counties which have been carried by the winning candidate in every presidential election for generations.

We think you'll be interested in what NATION'S BUSINESS editors found on trips to Palo Alto County,

in Iowa; Crook County, in Oregon; and Laramie County, in Wyoming.

While people who live in these counties do not have all the same problems of many in metropolitan areas, their feelings on basic issues—and candidates—have certainly been an accurate barometer of national feelings. Will that be so again? (See "Issues That Will Decide the '76 Elections," page 22.)

Many believe a major reason students criticize business is that they lack understanding of basic economics. A good many companies and organizations are trying through various programs to deal with the problem. One program, developed by the National Chamber, has had an enthusiastic reception. A kit, "Economics for Young Americans," has been introduced to students at the secondary school and junior college levels. The kit was designed with the help of educators, and students seem to find it extremely valuable. For more information, see page 69.

Once every year, to comply with postal regulations, every publication must publish a statement of ownership. This tells the readers who the publishers and editors are, and it also reports how many people buy the publication. If you read our statement of ownership on page 42, you'll see that the average paid circulation for the year ending last Sept. 19 was 966,695.

That figure is a bit out of date right now. With this November edition of NATION'S BUSINESS, our paid circulation has reached one million.

NATION'S BUSINESS has long enjoyed the largest circulation of any business magazine, but we think this is an especially important milestone. We like to look upon it as a vote of confidence by business people—in our publication and in our private enterprise system, which we support.



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Making Employees More Productive

How much profit should your company earn?

At least 15 percent (pretax) on its operating assets.

If not, you're in trouble, says James J. Hickey, president, The Institute for the Advancement of Scientific Management and Control, Stratford, Conn.

A lower rate of return, he adds, indicates a lot of wasted time and motion in your operation. His 283-page book (\$47.50), "Employee Productivity," lists 91 ways to detect inefficiency. You do it, he suggests, by asking yourself questions like these:

Do you keep track of machinery downtime—and its causes?

Do you exercise tight control over overtime?

Do top-level officers make it a practice to visit the shop and talk with production workers?

Do you recognize and honor outstanding performers?

Do you use temporary help to handle peak loads?

Do you have a no-layoff policy, so long as the company is in the black?

Multiply the no answers by two percent, the author says. The resulting percentage figure will be a fairly accurate measure of how much productivity can be improved in your firm.

Why the no-layoff policy?

The author explains: "Job security ranks high on the list of things that employees want most from their employment. This is not hard to under-

stand when you consider the fact that the majority of American families live from one paycheck to the next and are up to their ears in debt.

"Because of being in a precarious financial position, the thought of being laid off represents a constant worry.

"Thus, any indication that the company's backlog of work is drying up will result in employees slowing down.

"Moreover, their reaction to new machinery is likely to be the same. That is, if they picture their jobs being wiped out or eliminated, they will do everything they can to foul up the new machines."

What You'll Earn and Pay in 2000 A.D.

Twenty-five years from now, a senior airline pilot will be paid \$292,500 a year.

That is the good news—for him. Here is the bad.

If he lives in Dutchess County, N.Y., his new kitchen cabinet will be installed by a carpenter who makes \$128,200.

Or, if home, sweet home is in San Francisco, his leaky faucet will be fixed by a plumber who makes \$137,200.

Those are the projections of Manplan Consultants, a Chicago-headquartered management consulting firm. They are based on past wage trends, plus the effect of inflation.

Here is how the firm says other annual salaries will escalate:

1975	2000
\$15,000	\$67,500
\$20,000	\$90,000
\$25,000	\$112,500
\$30,000	\$135,000
\$35,000	\$157,500
\$40,000	\$180,000
\$45,000	\$202,500
\$50,000	\$225,000

"These projections are on the

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The call to greater energy independence

Long before 1776 Americans had come to consider themselves a distinct and different people; totally free, dependent upon none.

Provoked, they rallied to the call and forged their Declaration for all men to know, once and for all, that Americans would forever decide their own destiny.

The rest of the civilized world doubted that a democratic republic, dedicated to free enterprise and determined to rule by the consent of the ruled, could long endure.

They overlooked America's strength of will, vigor, ingenuity, productiveness—and its abundance of natural resources—which together soon made possible wealth beyond avarice and a standard of living unknown in the recorded history of mankind.

And everything was made possible by the fact that energy was available in great plenty.

The world has long since ceased to marvel at America's achievements resulting from the application of harnessed energy—be they the widespread benefits of industrial mass production, or agricultural output.

One dramatic example—with less than one-tenth of one percent of the world's population employed on U.S. farms, America is able to feed over twenty five percent of the world's population.

It is peculiarly ironic that now, on the eve of its Bicentennial, America must confess that in energy—the very thing which helped make greatness possible—it is not independent.

It must harken to the voices of non-Americans with oil, whose decisions will drastically effect America's ability to produce and to move.

As they will effect America's unemployment rate, its economic health, its standard of living—yes, even its foreign policies.

It is now self-evident that those countries with oil are determined to use it for wealth and power while it lasts, regardless of the harm bestowed upon others, despite the despair visited upon under-developed nations which trace their plight to an under-supply of energy.

And who can evidence shock at such self-aggrandizement?

We can.

Because, in a world given to extracting toll, the United States has freely shared its wealth with the world—including the Middle East—more liberally than any nation in history.

Generosity is a characteristic which remains particularly American. It would be foolhardy to expect it in all others. Now, or in the future.

Awaken.

Realize the clear peril to America's independence—to its very ability to decide its own destiny—if it does not embark upon a crusade to conserve all forms of energy... put to immediate use the superabundance of its own coal... and enlist full vigor in developing other sources of energy against the day when all the world's oil will be none.

Would that solar, tidal, geothermal—or some other virtually unlimited source—were in America's present rather than its distant future.

Would that nuclear energy could be conscripted as quickly, as economically, as easily as coal.

Coal, which can be mined and—as proven—the terrain restored to equal or better than its un-mined state.

Coal, which can be burned and—as proven—the ambient air left unharmed to man.

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In truth, there is four times more energy in that coal than in all the Middle East's oil.

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Executive Trends *continued*

conservative side," says George S. Swope, Manplan Consultants partner who directed the study.

"By the year 2000, based on the same trends, the minimum wage should be at least \$19,800."

Then there are taxes.

For each \$1,000 in federal taxes you pay now, Mr. Swope says, figure on Washington taking \$8,600 then.

And, of course, a shrunken dollar. In the year 2000, today's \$1 bill will be worth 30 cents.

How to Survive as a Manager

"In any time of fear and doubt. Shriek and yell and rush about."

That's tongue-in-cheek advice on how to survive in corporate society from one irreverent expert.

Business executives need all the help they can get, says David Moreau, author of "Look Behind You!"

Life is tough, he says, in the upper echelons. For example:

"Management by objectives makes sure that a man's own desperate promises made at the beginning of the year keep him on a treadmill that turns ever faster."

Also, he says, sensitivity training sessions ensure "that there is no privacy left even in a man's personality—every worthwhile eccentricity is dragged out and booted about by his colleagues, subordinates, and superiors."

More than the manager's morale is under threat.

"Graduates of business administration," Mr. Moreau writes, "sit shaking their heads at the boss's incomprehension, quietly carrying in the barrels for the Gunpowder Plot that will ultimately lift him into oblivion."

The typical unwary executive is a clay pigeon for a skilled rival, the author says.

Hence, Mr. Moreau's book (\$5.95, William Morrow & Co., Inc.), which is filled with tips on how to take evasive action.

Author Moreau says he knows whereof he speaks. He is the former head of Syntex Pharmaceuticals Ltd. and is now managing director of Elga Products Ltd., both of England.

"I have seen quite a few rubber aprons put on in corporate charnel houses," he says, "and sometimes the sound of the bolt gun has left me deaf for days."

Planning for a Second Career

When Wall Street stumbled last year, many brokers tumbled into the ranks of the jobless.

But not all.

Some simply changed careers.

For example, John Jones (not his real name).

Mr. Jones had taken night courses in automobile repairing at a community college. Fixing cars had been his hobby.

When his firm fired him, he opened up a small garage in the suburb where he lived. Since skilled mechanics don't grow on trees, he soon had a good clientele.

He hired a full-time helper, began training some teenage apprentices, and launched a successful business of his own.

First National City Bank cites him as an example of a growing trend. More and more Americans are switching fields, in mid-career, out of necessity or choice.

Acquiring a second skill, Citibank suggests, is good insurance. For those who retire early, or get let out, it can be the passkey to a new career.

Here's how the bank suggests you might start:

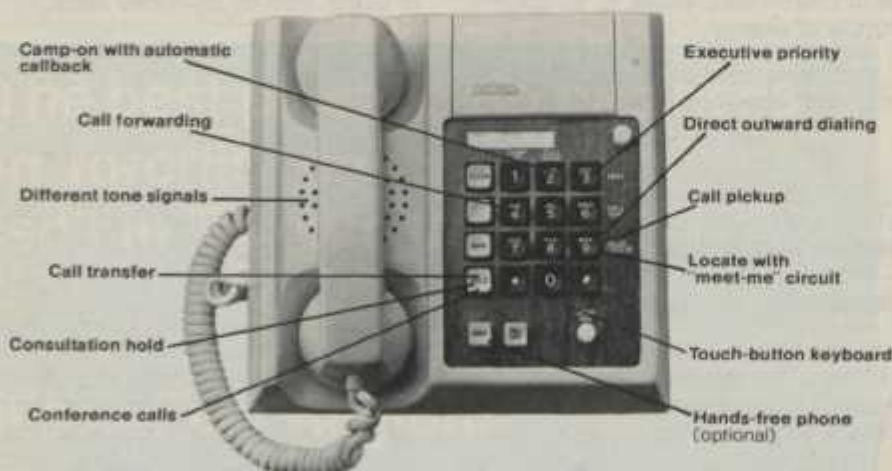
- Take a good, hard look at what you're doing now. Do you want to do it the rest of your life? If not, what?

- Set a firm goal. Decide what training you'll need, if any, for a new career—and how to get it.

- Draw up a financial plan. Can you afford your new goal? If not, what's the remedy?

- Pick a skill or service you can master.

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States Welcome New Industry

A survey of governors shows the door is open for industrial newcomers in state after state—but in varying degrees

WHAT are states' policies toward promoting industrial development?

To put it briefly, they vary.

Generally, states want new industry, but some do not want all types of new industry. And what one state will do to attract enterprises, another may not.

State officials who are having success in bringing in industry emanate a happy glow.

The recession helped

Take Earl E. Cannon, deputy director of Missouri's Division of Commerce and Industrial Development.

"After the recession hit," he says, "our activity took a sharp dip. But that turned out to have its bright side.

"We didn't have as many brush fires to put out as we did when times were more hectic. So we began organizing, planning, and getting in gear.

"Among other things, we had a survey made of the state's resources and our best prospects. The survey pinpointed five industries for which Missouri has a lot to offer: cutlery and hand tools, food production machinery, pumps and compressors, fans and blowers, and electrical equipment.

"We sent six men out on the road, armed with copies of the survey. They called on firms in those industries all over the United States—from the East Coast to California.

"The survey opened a lot of doors for them. We're already beginning to see good results.

"Last summer, a pump manufacturer who's expanding decided to locate in Jefferson City, Mo. He will build a \$4.5 million plant that will employ 500 people. The plant's payroll will run to \$4 million to \$5 million a year."

Now, Mr. Cannon says, his office is noting an upsurge of inquiries from businesses, with the economy on upswing. But Missouri would have launched its promising coast-to-coast sales drive, he feels, if hard times hadn't driven the state to it.

Recently, NATION'S BUSINESS polled a representative sample of state governors. They were asked:

Do you have an industrial development program?

If so, what are you doing to attract industry to your state?

Spreading the word

All provide extensive information about the state's resources—its climate, labor force, legislation and taxes, markets, for example, and data on plant location factors for individual communities.

Many governors reply that industry is offered tax incentives for locating in their state or for expanding plants already there. In other states, however, that isn't so.

"We do not offer tax incentives to new business," says Gov. Cecil D. Andrus of Idaho.

"Our belief is that they come in our ground rules to be a part of our communities, and there is no cause for our industrial communities to subsidize a new industry. If they



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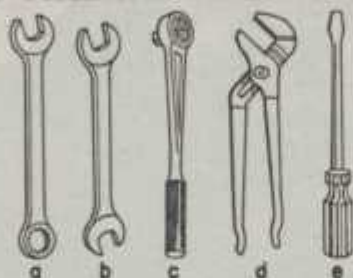
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States Welcome Industry *continued*

can't stand on their own two feet, don't need them."

Nor does Colorado hold out that kind of carrot to business.

"This state gives no tax incentives," says Gov. Richard D. Lamm.

Minnesota is in the same corner.

"Our programs encourage development," says Gov. Wendell R. Anderson, "but provide no giveaways."

Arkansas shares the same view.

"No industries wanting to come in are discouraged," says Gov. David Pryor, "but they must first meet pollution requirements, and if they don't, they are prohibited. No tax or other incentive is offered."

Picking and choosing

Some states have the latchstring out for all.

"Ohio," says Gov. James A. Rhodes, "is interested in all manufacturing industries."

Others are choosier.

To a question, "Do you discourage certain industries from coming in?" Gov. Thomas L. Judge of Montana replies: "No, other than the which are implicitly discouraged by not being capable of meeting environmental standards."

States with the least industry seem most concerned about protecting their environment.

"For obvious reasons," says Gov. Mike O'Callaghan of Nevada, "we have tried to limit and discourage the development of 'polluting' industries."

"We make no bones about it," says Gov. Lamm of Colorado. "We tell industry that this state has strict laws against air and water pollution, and that they are enforced."

Ohio, according to the latest Census Bureau statistics, is the most heavily industrialized state in the nation.

According to the same figures, Colorado ranks 29th in capital investment by industry. Montana is 41st and Nevada is 46th.

Tax breaks for employers

Exemption from taxes, of one kind or another, is the most common inducement held out to business to move into a state, invest in a plant, and put people to work.

continued on page 72B

Carrying Government Protectiveness Too Far

Once upon a time, or so the dog-eared story goes, a young scholar was asked to write a review of a book entitled, "Birds of the Antarctic." He wrote a splendid review. "This book," he said, "told me more about penguins than I really wanted to know."

The Consumer Product Safety Commission, one of the newest and most industrious agencies in Washington, is promoting safety with the same encompassing zeal. It is perhaps telling us more about safety than we really want to know.

This agency was created by the Consumer Product Safety Act, signed into law by President Nixon on Oct. 27, 1972. The five-member commission, headed by Richard O. Simpson, commenced operations the following May. In the pecking order of official Washington, the independent agencies occupy the catbird seat. They fly high above the sparrow offices and starling divisions of the established departments—not in terms of protocol or social prominence, but in terms of their autonomy.

The 1972 act transferred to the new commission several functions that had been administered by other agencies. In this fashion, the agency inherited enforcement of the Federal Hazardous Substances Act, the Poison Prevention Packaging Act, and the Flammable Fabrics Act, and a few other miscellaneous duties. In its own right, the commission obtained a breathtaking mandate from Congress. Some types of products are not within the commission's purview, but it is to oversee countless consumer products manufactured, imported, distributed, and sold at retail within the United States, to prevent "unreasonable risk of injury." The law lays sweeping requirements upon manufacturers and dealers to keep

records, to report hazardous conditions, and to respond to the commission's orders.

No one knows how many consumer products are embraced in the commission's domain, simply because the fact is unknowable. In September, 1973, the commission released a "consumer product hazard index," based upon the frequency and severity of injuries reported to hospital emergency rooms. The index began with bicycles, stairs, doors, cleaning compounds, tables, and beds. The index wound up with such items as children's books, diapers, pot holders, and slide projectors. There were 369 classifications in all.

The commission's best guess, based chiefly upon daily reports from 119 hospital emergency rooms, is that some 20 million persons are injured every year in "product-related" accidents. The figure appears regularly in commission literature and crops up constantly in the commissioners' speeches. Not quite so much publicity is given to a corollary finding: In roughly 80 to 85 percent of these accident cases, the fault lies not with the product, but with the user thereof. The drunk who sprains an ankle in a fall from a ladder has suffered a product-related accident, but the offending product, statistically speaking, is the ladder, not the booze.

During the first few months of his chairmanship, Mr. Simpson traveled about the country rattling a fearsome saber. He warned businessmen repeatedly that his inspectors would be searching for violations of the Consumer Product Safety Act, and he promised to provide "motivation" against future violations by prosecuting to the fullest extent of the law. One such motivation, he said, is a prison term. "Whereas

corporations can pay civil penalties, people who work for corporations pay criminal penalties," he said. "I am personally inclined in a criminal proceeding to seek out the board chairman or the corporate president, in addition to other officials, because I believe they are in the best position to assure corporate compliance with CPSC regulations."

It hasn't worked out quite that way. The Justice Department has filed three criminal cases under the Flammable Fabrics Act, but no board chairmen have wound up in the dock. The criminal penalties (fines up to \$50,000 and prison terms up to one year) remain in the law, and Mr. Simpson insists the commission is ready to demand them in an appropriate case. Meanwhile, other activities proceed apace.

One of the commission's major responsibilities is to prepare and promulgate mandatory standards for product safety. The first such standard came forth on Sept. 16. It is a standard for swimming pool slides. To a newsman's observation that swimming pool slides would not appear to rank high among those public concerns justifying the full weight, majesty, and dominion of the United States government, Mr. Simpson responds by saying cheerfully that he wouldn't have given first priority to swimming pool slides, either. But the National Swimming Pool Institute and a major slide manufacturer petitioned for promulgation of an official standard, so now the rule is out for public comment.

Under the proposed standard, on the top step of every swimming pool slide a legend must appear: "Look out for people and objects below. One person only." On the third step is to appear an additional instruction:

"Legs and arms forward." On slides for use in water four feet deep, or deeper, a sign in red, light blue, and black must advise all users: "Deep water. Swimmers only. Careless belly slides can cause injury." To the observation that this is a great deal for a six-year-old first-grader to read, Mr. Simpson says adults can read the signs, and it is mostly adults who break their necks on swimming pool slides, anyhow.

The commission also is actively at work on a mandatory standard for bathtubs. This is a slippery matter. In an effort to get some expert data to work on, the commission retained a firm of consultants in Cambridge, Mass., to make a study of bathtub and shower accidents. The study cost the taxpayers \$142,000. It was a full-dress affair, requiring three principal authors, four "researchitects," and nine consultants. This is how the research proceeded:

"First, a literature search was performed, and significant factors associated with bathtub injuries were identified and prioritized. Second, this data was expanded to a series of 17 accident scenarios, representing all the common factors in the accident system. Third, intervention strategies were developed in response to the accident scenarios, and performance guidelines for safer bathroom products were considered. . . ."

The consultants' most remarkable conclusion was that "slips and falls are by far the most frequent type of bathtub accident, and these slips and falls frequently occur while entering or leaving the tub or while changing between a sitting and standing position." The foremost intervention strategy, it appears, is a slip-proof bottom for the tub. Meanwhile, consumers should be taught how to take baths safely.

A third mandatory standard in the commission's mill is a standard for power lawn mowers. The proposal is being developed under a contract between the commission and Consumers Union, to the accompaniment of some low moans of dismay from

the Outdoor Power Equipment Institute. On down the line are standards for television sets, book matches, extension cords, and space heaters. By 1982 the commission hopes to have 100 mandatory standards in operation, aimed at alleviating 75 percent of the product-related, preventable accidents.

Some of the commission's enforcement activities have drawn congressional criticism. One case involved the Bradley Import Co. of Los Angeles. Bernie Hartstein, president of the company, had built up a thriving business by importing ornamental, decorative dolls from Japan, and later, from Korea. These were not toy dolls; they did not cry, wet their diapers, blink their eyes, or move their limbs. They were not meant to be dressed and undressed. Many of the dolls were sold to brides as favors for their bridesmaids. These were the kind of dolls you find in glass cases at flossy gift shops.

None of this mattered to the Consumer Product Safety Commission. On July 9, 1974, without preliminary hearing or warning, U.S. marshals swooped down on the Bradley warehouse and confiscated nearly 80,000 dolls. This was at the very peak of the Christmas order season. Mr. Hartstein places his loss in sales at \$600,000. And what was the terrible hazard that was thought to justify driving a businessman to the edge of bankruptcy? The dolls had pins in them. That was the be-all and end-all. In order to hold the elaborate costumes in place, the Oriental dollmakers had used a few pins.

In the 12 years that Mr. Hartstein had been importing and selling a half a million such dolls, not a single complaint had reached him of the pins hurting anyone. The commission had received no complaints, either. But a doll is a doll is a doll and, under commission regulations having to do with banned articles "intended for use by children," no pins may be placed in "any doll, stuffed animal, or other similar toy."

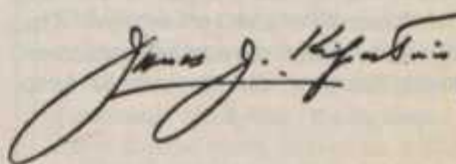
Mr. Hartstein went to court, of course, and won hands down. Judge Louis C. Bechtle held that the dolls in

question plainly were never intended for use by children. He ordered the confiscated dolls released. A U.S. circuit court sustained his ruling. The experience cost Mr. Hartstein a small fortune in legal fees, and he still is fighting the unrepentant commission in a companion case in Ohio.

Chairman Simpson is understandably unwilling to talk about the Hartstein case, since the litigation is in fact still pending, but he agrees in principle that persons who are damaged by the commission's errors in judgment or plain mistakes should be entitled to sue for redress. Sen. James L. Buckley of New York is trying to push such a provision through Congress. Mr. Simpson supports the Buckley bill. "We could be," says the chairman, "a very dangerous agency."

By his own description, Mr. Simpson is a conservative Republican. He is as reasonable an administrator as one could ask for, and he is doing his best to keep the commission's activities channeled strictly to "unreasonable risks of injury." While he defends the agency's information program, specifically mandated under the law, he has been known to wince at some of the baby-talk reminders that flow from the press office: "Never ice skate close to open bodies of water. . . . Avoid driving cars on ice. . . . Sleds should never hook rides on the bumpers of cars. . . ."

The commission has asked for a budget for fiscal '77 of \$54.8 million, permitting a staff of 1,226. Present levels are \$42.8 million and 1,024 permanent positions. Chairman Simpson looks hopefully to the day, perhaps seven or eight years hence, when the commission can be abolished or vastly reduced in size. By that time, its 100 mandatory standards should be working. Meanwhile, a kindly and beneficent government will continue to instruct a docile people in how to strike matches and how to take baths.



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A Struggle to Get a Small Business Loan

Your article, "A Small Business May Be Larger Than You Think" [September], fails to mention that, regardless of the Small Business Administration's boundless generosity indicated by its new eligibility ceilings, the chances of the average small business obtaining an SBA loan are close to nil.

Because area banks are not making commercial real estate loans this year, I recently financed construction

of a small warehouse through a six-month personal note. I hoped to obtain long-term financing at a sane rate of interest from private sources or with SBA help.

The SBA regional office in Fresno told me to contact my local bank. The bank said it was unwilling to handle SBA loans because of the tremendous amount of paperwork involved. A local politician told me he knew of a company that would handle the paperwork and help get the loan for a fee of ten percent of the face amount.

After several months of desperate attempts to finance this business, which has been operating at capacity from the beginning, I am forced to conclude that anyone with less resources than the legal staff of Consolidated Edison Co. would be hard put to get an SBA loan.

Furthermore, I question the need for another pie-in-the-sky government bureaucratic boondoggle that promises roses and delivers thorns.

JOEL WHITEHURST, JR.

Vice President
Whitehurst Chapels, Inc.
Los Banos, Calif.

Changing student opinions

I was privileged to participate a few years ago in a Business-Teacher Day sponsored by the Chamber of Commerce in Baton Rouge, La. I taught a tenth-grade civics class for one day.

A volunteer was appointed president of Your Average Company, which we called AVCO. I gave him a stack of scrip, 100 \$1 bills specially printed with the school emblem for keepsake value. In return, I was to get his company's whole year's production of widgets.

Other students took part in the game. Some were suppliers. They presented the president of AVCO with their bills for steel, packaging, and office supplies. He paid them with the scrip. Another student was the union president who picked up the workers' wages and fringe benefits in scrip.

Labor costs exceeded by far the 11 percent students had estimated in a pregame quiz.

Other claims, each equal to actual averages in business, were presented. The disheartened president was left with \$8 profit out of his \$100.

The final blow came when another student identified himself as a friendly Internal Revenue Service agent and took half of the \$8 for taxes.

That left the company with \$4 profit, compared with the \$47 the students had estimated earlier that companies net.

This drama was repeated in each of six classes that day. The point of all this is that 170 kids of impressionable age can be reached in a day by one businessman using an inexpensive kit.

If this were done at high schools around the country, relatively few people could make a big change in the opinions of our next generation at little expense.

C. K. DORLAND
Purchasing Coordinator
The Williams Companies
Tulsa, Okla.

It is hardly a secret that many students hold the business world in low esteem. Members of Rotary International in Madison, Wis., decided last year that the fault lay partially with teachers who have never operated a business or worked in one.

To help solve this problem, the Rotarians began a Business and Society Seminar for Madison's public school teachers. Each participating teacher attends three Rotary Club meetings, and then returns with a host Rotarian to his place of business to learn about the business, its contribution to the economy, and its career opportunities.

So far, 75 Madison teachers have participated in the program, for which they receive credit from the school system, and their response has been unequivocally enthusiastic.

JOHN HOFFMAN
Public Relations Department
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A \$100 Billion Federal Energy Program?

Two years ago, the Arab oil embargo made this country acutely aware of how much it had come to depend on imports of petroleum.

Since then, the White House and Congress have squabbled over what our national energy policies should be, but not much has been accomplished. The United States imports an even greater percentage of its oil than before the embargo. Crucial shortages of natural gas loom in many areas.

Now, President Ford has proposed a \$100 billion crash program to gain energy independence by 1985.

A new government corporation, the Energy Independence Authority, would concentrate on achieving en-

ergy self-sufficiency through greater use of coal and nuclear power, as well as through synthetic fuels, oil shale, gas and oil from coal, and solar and geothermal energy. The goal would be to lessen dependence on oil and natural gas.

The Energy Independence Authority would make or guarantee loans to private firms or, in some cases, do developmental work itself. President Ford has said the program would supplement, not replace, private industry efforts to resolve energy problems.

Many question the wisdom of such a vast government undertaking in an area that has primarily been the responsibility of the private sector.

While President Ford pledged the corporation would operate only in areas beyond the financial capacity of private enterprise, some of his friends in Congress warn that a future President might seek to use the energy corporation as a vehicle for complete government takeover of energy industries.

Approving establishment of the corporation, these senators and representatives say, could mean turning away from the traditional American belief that market forces, and not government interventions, offer the best solution to economic problems.

What do you think? Should we have a \$100 billion federal energy program?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20062

Should we have a \$100 billion federal energy program?

☐ Yes ☐ No

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Name and title _____

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A Tax Break for Parents of College Students

By a margin of more than ten to one, responses to September's "Sound Off to the Editor" question favor a tax break for parents with children in college. Several bills to help parents offset college costs are pending in Congress, including one which would offer a tax credit of up to \$325.

Many readers responding are currently financing postsecondary education, often for more than one student at a time. Many say they are in an income level too high to qualify for scholarship aid based on need.

Pauline Argenziano, manager, Reserve Supply Co., Fargo, N. Dak., voices a common lament: "Unless one is rich or very poor, the cost of college education can be prohibitive, especially when a family has several children in college at one time and cannot receive the necessary aid because of the family's income bracket. A tax break would help a great deal

deductible, although supporting a school through tuition and other student fees is not.

"I firmly believe that all tuition, lab fees, and books should be completely tax deductible regardless of a person's income bracket," says Paul B. Prutsman, president, Edward Hine

Intendent of schools, I know that many of our most capable students have parents with gross income of from \$15,000 to \$20,000 who are unable to find the extra \$3,000 per year to send their children to college. I also see poor children given a free ride. The middle-income families pay through taxes for the education of someone else's children, while their own children are cheated out of one."

On the other hand, M.L. Maroney, president, The Sattex Corp., Los Angeles, opposes a tax break. "Colleges and universities are full of students who have no business being in them," he says. "I have seen too many college graduates who could not read, write, figure, or use their brains. Improve the quality of school education, and then those who wish a higher education will get to college via determination, scholarships, parental help, and work."

J.J. Broderick, president, J.J. Broderick Co., Inc., Washington, D.C., is against a tax break for another rea-



Robert Hendrick, president, T.B. Hendrick & Associates, Inc., Oklahoma City, opposes the tax break idea. He says: "It is better for the nation if individual problems are solved by individuals."

Co., Peoria, Ill. "This would be especially helpful to privately endowed schools in their fight for survival."

Other readers suggest various other tax plans, including tax breaks for the single parent, for the student putting himself through school, and for a husband or wife financing a spouse's education. Many think the proposed \$325 maximum credit is too small.

Terry Mann, director of operations, Unirad Corp., Denver, Colo., says that "the GI Bill was probably one of the best investments this country has ever made. Education doesn't cost—it earns."

Robert W. Elliott, treasurer and a vice president of First American Financial Corp., Kansas City, Mo., says: "A share of my taxes is used to send poor children to college on scholarship aid. The more taxes I pay, as a result of harder work, the more poor children can go to college. Some recognition of additional expenses incurred for paying directly for my own children's education should be indicated in a tax break."

One of a number of educators writing in, J.C. Stoffus, superintendent, Unified School District No. 420, Osage City, Kans., says: "As a super-



Richard M. Nicklas, a vice president of Merrill Lynch, Pierce, Fenner & Smith Inc., New York, favors a tax break for parents. He cites a need for college education to produce future managers.

to enable the middle-income family to educate its children."

John R. McAlpine, a vice president and manager-administration, Young & Rubicam International, Inc., Detroit, asks: "If we accept the theory that more education helps provide the whole community with better-performing, clearer-thinking, more productive adult citizens, can there be any doubt that the cost of such education warrants the recognition of a tax deduction?"

A number of readers point out that direct donations to college are tax



John M. Forney, executive vice president, Luckie & Forney Advertising, Inc., Birmingham, feels the family "that does not qualify for scholarship help on a near-borderline basis is heavily penalized."

son: "As a parent with three teenage youngsters who will be going to college over the next ten years, I would very much appreciate a tax break—but who is going to pay for my tax break? Those of us who object strenuously to continued government outlays, much of which consist of funds borrowed from future generations, should not try to increase such borrowing just to present a particular advantage to us."

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I say this because I've got letters from *thousands* of satisfied customers, . . . and a product which has been praised by 150 leading media!

What's more, at \$10, it's an incredible bargain, and I'll even give it to you without asking you to risk *one penny*!

However, first let me tell you what I have.

I've got a *copyrighted job changing system* that you can use to move up in your field, or out to another field, but at significantly higher earnings.

It took myself and five other professionals two years and \$250,000 to develop—but it works!

Furthermore, it doesn't require "genius" and it doesn't require "luck." All you have to do is put it into action.

The reason we developed it was because with 84 million employed, and 15 million circulating resumes each year, this area was ready for some revolutionary ideas.

We knew more people than ever owned prestige cars & yachts, summer homes and international retreats, as well as having securities, real estate holdings and lots of cash in the bank.

In short, many people in the U.S. are living good lives!

At the same time, however, the great majority have no excess cash, little job security, and are frequently restless, bored with their jobs, commuting long hours, and harassed by inflation!

We asked ourselves how do people get to live the "good life"?

Well, we found that most successful people were there because they never wasted time in dead-end situations!

What these people did was to make crucial job changes, and *parlay* their higher earnings into small fortunes!

Take a look at the economics!

Do you realize that if you were to change jobs every 4 years, at an average annual increase of \$4,000, and then put the increases in the bank at 6%,—that in 20 years you'd accumulate an extra *half million dollars*!

Getting raises is one thing, but getting significant increases because of job changes is a very important source for wealth!

The next question then, is how can you easily change jobs? This is where the unique system we've developed fits in.

Our system can work for anyone from \$8,000 to \$80,000. Do it right and you'll gain higher earnings, lifelong job security, but most of all, *everlasting* self confidence!

This is because once you've used it, you'll know you can *always* get a new job,—quickly and predictably.

Perhaps you're wondering why our system works? Well, it works because it's a *completely different approach*, based on totally new concepts.

But, also because it's simple, practical, and self-tailoring. You could start next week—and do it *without strain, confusion or worry*.

But, there is one catch! You won't be a success if you use old methods for dealing with recruiters & agencies, for answering ads & sending out letters, for handling interviews & negotiating salary.

To make more money without a hassle, you'll have to be willing to change. You'll also have to follow our system, have an open mind & have faith in yourself.

However, do this and a better life will be yours!

With our system, whatever you seek—a better job, a new career, higher pay, more satisfaction,—*I believe nothing can stop your success!*

Not age, sex, education, or even low earnings or past working history.

Personnel Magazine said we have a "breakthrough."

Business Week devoted a full page article and called it "indispensable."

The National Public Accountant even said it was "capable of catapulting any average person into a position offering much greater rewards."

However, your best proof of our system is that we've already received thousands of letters from grateful customers.

Letters like one from a gentleman in California who wrote: "In 4 weeks I changed jobs and raised my salary 33%! I wish I had it 10 years ago!"

Another man from New York said "I used one of your letters, sent 24 out, and got 13 interviews and 3 job offers!"

Still another from California said "In just 11 days I received an offer of \$7,000 more!"

I know this sounds almost too easy and I can't promise that you will do as well. But, then again you may do better!

Even the largest business magazine in the U.S., *Nation's Business*, said our materials were "incredibly effective."

Now, if you're serious about wanting to move up, then I know that our system is something you've got to have!

In fact, I'm so convinced that you'll agree that it's worth *hundreds of times the cost*, that I'll make sure you have nothing to lose.

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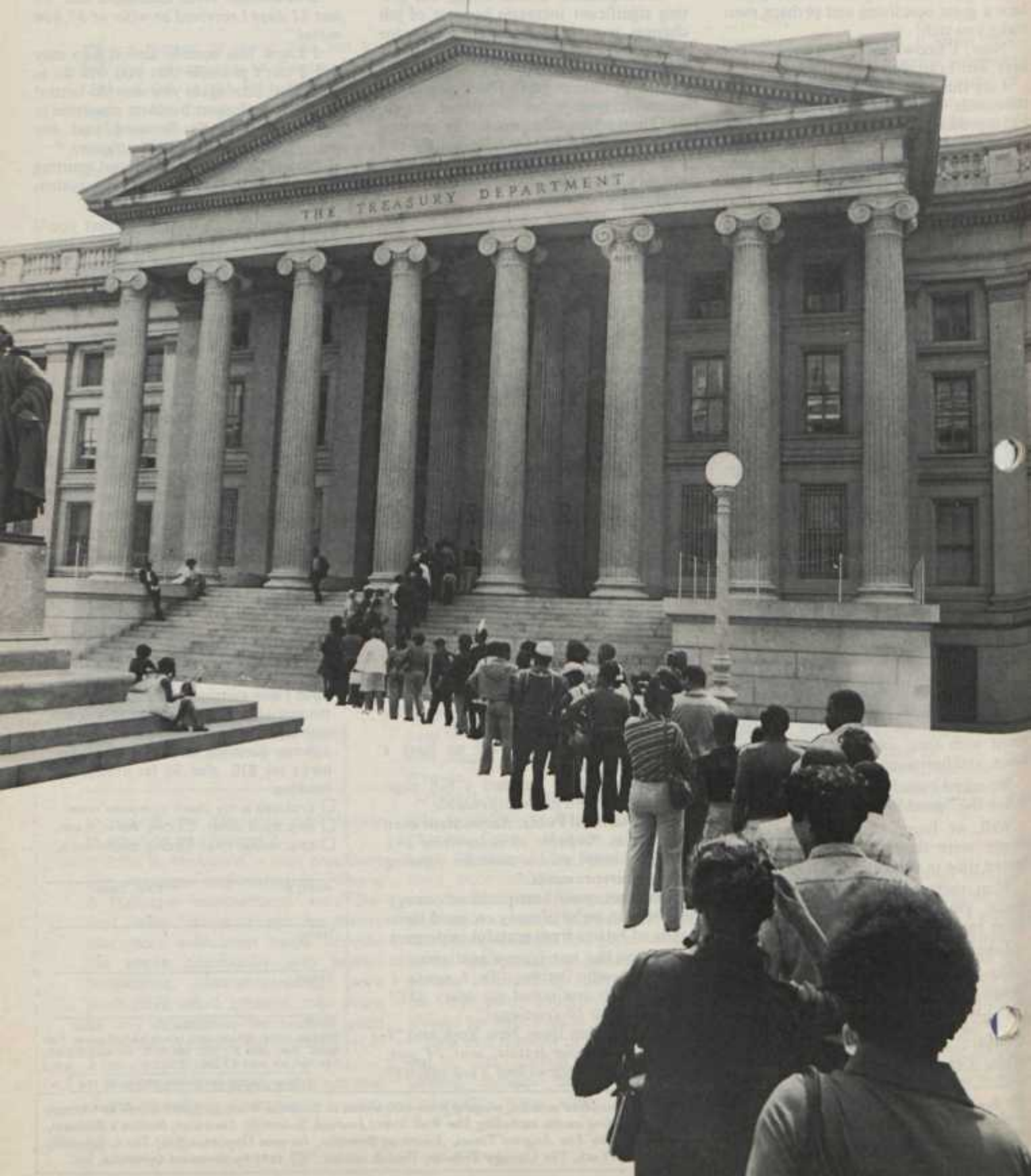
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Mr. Jameson's ideas have been the subject of more than five hundred articles, ranging from 600 words in *Business Week* to 3,000 words in *Chicago Today*. This material has also been nationally advertised in leading media including *The Wall Street Journal*, *Scientific American*, *Nation's Business*, *Signature*, *The New York Times*, *Newsweek International*, *The Los Angeles Times*, *American Scientist*, *Income Opportunities*, *Time*, *Specialty Salesman*, *Success Unlimited*, *Chemist*, *The Army Times*, *New York*, *The Chicago Tribune*, *True* & others. © 1974 Performance Dynamics, Inc.



GOVERNMENT'S NEXT BIG PROBLEM:

Making Good on Promises to People

America is approaching the day when half the adult population will be working to support the other half. Here's an examination of what the increasing spending on social programs means

A NEW BATTLE is shaping up in Washington over a fundamental issue: How far government should be allowed to go in redistributing its citizens' income.

The battle is expected to be a particularly rough one, involving the White House, Congress, and special interest groups.

The controversy is also expected to figure prominently in the 1976 presidential campaign.

The focal point of the controversy is the runaway growth of federal spending programs known collectively as transfer payments—money that is taken via federal taxes from those who earned it and given to those who did not.

Transfer routes

The principal pipelines are Social Security, including pensions, Medicare and disability benefits; unemployment compensation; veterans' benefits; federal employee pensions; welfare; Medicaid; food stamps; and subsidized public housing.

Whether those programs will be brought under some measure of con-

trol is the real issue behind the evolving dispute between President Ford and Congress over his insistence on coupling tax cuts with budget restraint.

The increase in payments under the broad range of transfer programs is the principal reason why the federal budget, which was under \$100 billion in 1960, will soar well past \$400 billion in the next fiscal year unless there is a stiff rein on spending.

President Ford has proposed \$21 billion in individual tax cuts and \$7 billion in business tax cuts, but has also added a major proviso.

Tax cuts of that magnitude, he has told Congress, must be backed with spending curbs.

He has warned he will veto any tax cut legislation unless Congress promises to hold the federal budget at \$395 billion in the 1977 fiscal year, a level that he says would be \$28 billion under the total if fiscal restraint is not applied.

There is no doubt that any genuine effort to slow the growth in federal spending would have to zero in on the social programs that, since the early

1960's, have taken an ever-increasing share of the tax dollar.

The President has set out the problem in these terms:

"The heart of our financial dilemma today is the endless stream of promises made to the American people in the last generation, and continuing right today, that the government can and will satisfy most of the needs of all of our people and even their wants. I think the language is one of extremes and excess. It is that the government will make all your dreams come true. All you have to do is file an application."

Options for the President

Preliminary work to provide the President with specific options from which he will make his final choices of methods of curbing transfer payments is under way.

A Domestic Council task force is currently reviewing all federal income support programs. The cost of these programs has risen from \$13 billion in 1955 to more than \$170 billion in this fiscal year.

David L. Babson & Co., Inc., a

Making Good on Promises to People *continued*

Boston, Mass., consulting firm, keeps a close eye on federal fiscal policy. Recently, Babson had this to say about federal transfer payments:

"The number of recipients has soared by more than 50 percent since 1966—six times as much as the population has grown. More and more people have been learning of the various benefits to which they are entitled under existing laws.

"Only a Scrooge would be opposed to some of the transfers—to the disabled, the aged, or the handicapped. But the explosive growth of all income-support programs is by itself fairly conclusive evidence that they have attracted significant numbers of people able to fend for themselves."

One on one

The report adds that more than "50 million adults—nearly all non-working—receive income support of some kind from Uncle Sam. Another 15 million are employed at various levels of government.

"So let's compare these 65 million people who have a vested interest in bigger and bigger public outlays with the 71 million people who work for private enterprise. It's almost a one-on-one situation—nearly one public beneficiary for each tax-supporting private worker."

Thus far, massive federal deficits have only hinted at the enormous financial problems we face, largely as a result of the unchecked growth of this kind of spending.

Trillion-dollar budgets

This fiscal year, Congress plans to spend \$367 billion and run up a deficit of \$68 billion. The White House says congressional spending may increase the deficit to \$88 billion.

The Office of Management and Budget has estimated what it will cost if this kind of spending continues as it has in the past 20 years. By the year 2000, it says, the federal budget will reach \$1.4 trillion. Of that total, \$1.1 trillion will be transfer payments. The deficit: \$720 billion.

This is not necessarily a prediction, the budget office points out. Its projections are simply "a useful reminder of the longer range implications of decisions to establish or ex-

pand government programs under which qualified persons or groups are automatically entitled to benefits."

No responsible government official suggests eliminating all support for those who, in President Ford's words, "tragically cannot help themselves."

Key questions

Yet, concerned government leaders, up to the President himself, emphasize that we must face up to the long-range implications that the White House budget office warns about. Some key questions:

- Will taxpayers continue to turn over to others more and more of the money the taxpayers earn? Or is there a point at which taxpayers will demand that Washington call a halt? In what may be only the tip of the iceberg, two counties in New York state and one in California have announced they are unable to comply with federal and state requirements that they

come up with more money to finance increasing welfare costs.

- How long can the federal government continue to run up highly inflationary deficits to cover the soaring costs of transfer payments?

- How much money can Washington take out of the economy, by Treasury borrowing, before a lack of capital chokes growth of the job-producing private sector?

- How can assistance programs be trimmed without hurting those who need help? The food stamp program, for example, was launched to provide an adequate diet for the needy. Since 1965, when fewer than 500,000 people received stamps at a cost of \$36 million, the program has become a colossus.

Now, 19 million people, many of them far from poor, receive food stamps. The program's cost, for this fiscal year alone, is \$5.8 billion. Congress has begun investigating widespread reports of food stamp abuses,

THE RUNAWAY GROWTH OF FEDERAL INCOME-SUPPORT PROGRAMS

	Cost	
	Fiscal 1954-1955	Fiscal 1975-1976
Social Security retirement	\$ 4.4 billion	\$65.5 billion
Unemployment compensation	\$ 2.3 billion	\$18.0 billion
Medicare	\$16.3 billion
Veterans' benefits	\$ 3.6 billion	\$15.6 billion
Civil Service pensions	\$ 430 million	\$10.0 billion
Welfare (cash payments)	\$ 1.4 billion	\$10.6 billion
Welfare (medical care)	\$ 7.8 billion
Social Security disability	\$ 9.2 billion
Military pensions	\$ 440 million	\$ 6.9 billion
Food stamps	\$ 5.8 billion
Railroad workers' pensions	\$ 585 million	\$ 3.4 billion
Public housing	\$ 68 million	\$ 2.6 billion
	\$13.2 billion	\$ 172 billion

and the program is high on the list of the President's targets for reform.

Caspar W. Weinberger strongly criticized our growing welfare state in his recent farewell speech as Secretary of Health, Education, and Welfare. He said:

"In the process of pouring out . . . compassionate and humanitarian blessings and institutionalizing our social obligations, we have built an edifice of law and regulation that is clumsy, inefficient, and inequitable. Worst of all, the unplanned, uncoordinated, and spasmodic nature of our responses to those needs—some very real, some only perceived—is quite literally threatening to bring us to national insolvency.

"There is an overriding danger inherent in the growth of an American welfare state. The danger simply is that we may undermine our whole economy. If social programs continue growing for the next two decades as they have in the past two, we will spend more than half of our gross national product for domestic programs alone. . . .

"Should that day ever come, half the American people will be working to support the other half.

"At that point, government would be like a gigantic sponge soaking up all the nation's surplus capital needed for industrial growth and modernization. . . .

"In all likelihood, we could not maintain our free enterprise, incentive, capitalistic economy."

Others sound the alarm

Treasury Secretary William E. Simon recently told the House Budget Committee: "In our continuing effort to have Washington solve all of our problems, we have fallen into a dangerous pattern of transferring more and more of our wealth from the most productive part of the economy, the private sector, to the least productive, the government."

Dr. Arthur Burns, chairman of the Federal Reserve Board, sees a disturbing trend in the fact that "taxes have progressively reduced the rewards for working, while government at the same time has increased the share of national output going to persons who are not productively employed. . . .

"Any large increase in the absorption of private incomes by government poses a threat to individual incentives—all the more so when taxes are levied on persons who work and produce and the funds are then transferred to others who remain idle. Over the past 25 years, transfer payments . . . have risen about twice as fast as the total wages and salaries.

"These transfer payments now amount to almost one fifth of the aggregate of wage and salary disbursements and the fraction is steadily increasing."

Curbing productivity?

Dr. Burns links the increasing demands on workers' pay to difficulties in achieving increased productivity:

"A society as affluent as ours can ill afford to neglect the poor, the elderly, the unemployed, or other disadvantaged persons, but neither can it afford to neglect the fundamental precept that there must be adequate rewards to stimulate individual effort."

Paul O'Neill, deputy director of the Office of Management and Budget, sees a basic change in American life as one of the fundamental issues involved.

"Perhaps without a conscious effort," Mr. O'Neill says, "we have shifted responsibilities from the family to the government. Instead of parents' relying on children to take care of them in their old age, they rely on the federal government. This is quite a phenomenal change."

The other side of the coin, Mr. O'Neill adds, is the question: "Whether we, as a people, are going to tell an individual or a family lacking the wherewithal to support themselves to go crawl off somewhere."

What can be done

Mr. O'Neill favors a broad national debate on the whole issue of who is deserving of support, who is going to provide it, and how.

What are some potential solutions to the problem?

One suggestion heard frequently from advocates of higher income support payments is to cut military spending and divert the money there-

by saved to social programs. Sen. John McClellan (D.-Ark.), chairman of the Senate Appropriations Committee, has heard that suggestion many times.

In the past ten years alone, he points out, the defense share of the federal budget has dropped from 41.5 percent to 26.9 percent.

The last soldier

Another way to look at it is this. While the federal budget has gone up \$214.7 billion in the past ten years, 82.2 percent of that increase is non-defense spending.

James T. Lynn, director of the Office of Management and Budget, has carried defense and nondefense spending trends another step. If domestic programs keep expanding as they have in the past 20 years at the expense of military budgets, he says, "we would be down to the last soldier and the last gun early in 1985."

What realistic steps could be taken to curb this ever-growing financial burden?

The business community believes the proper approach is to do away with programs not absolutely needed, correct excessively liberal eligibility rules in the remainder, tighten work requirements, reduce fraud, and take every precaution to see that only the truly needy receive money that someone else has earned.

Failure to deal with the growing transfer payments problem could be disastrous.

The basic decision

America's present course reminds Treasury Secretary Simon of historian Edward Gibbon's epitaph for the people of ancient Athens:

"In the end, more than they wanted freedom, they wanted security. They wanted a comfortable life and they lost it all—security, comfort, and freedom.

"When the Athenians finally wanted not to give to society but for society to give to them, when the freedom they wished for most was freedom from responsibility, then Athens ceased to be free."

"Whether the same will one day be said of America," Mr. Simon adds, "is the basic decision now before us."

END

What Voters in Three Bellwether Counties Think

Issues That Will Decide the '76 Elections



These Iowans are a cross section of Palo Alto County, which has been carried by winners of each presidential election since 1896. If farmers in the area continue to enjoy prosperity next November, Palo Alto is expected to vote to keep a Republican in the White House.

The presidential election is a year away, but the issues that will decide which candidate is the winner—no matter whom the Republicans and the Democrats nominate—are surfacing across the nation. And candidates vying for nomination have begun hunting for votes.

To find out which issues—and which candidates—people are talking about now, *Nation's Business* sent three editors to test the mood of America's three bellwether counties. These are counties which have given the majority of their votes to the victorious candidate in every presidential election since before the turn of the century.

Here are the editors' findings in Palo Alto County, Iowa; Crook County, Oregon; and Laramie County, Wyo.

PHOTO: GERALD REINACREBS—BLAKE STAR

Palo Alto County: Farm Income Is Crucial

KEN KASSEL seems pleased with himself as he gazes across the flat Iowa landscape.

A warm autumn sun bathes the fields of corn and soybeans ready for harvest. The air is still. The only sound comes from an enclosure near the newly painted red barn where beef cows, jostling one another, munch at the feed trough.

Mr. Kassel, who had paused to inspect a soybean plant, continues his conversation with a visitor.

"All in all, it has been a good year for the farmers around here," he says. "The grain looks good for harvest, and cattle prices are holding up. We have no complaints."

A year from now, if the farm outlook is as rosy, the voters of Palo Alto County (pop. 13,289) will almost certainly throw their support behind the Republican candidate for President. Conversely, if the farmers find a poor market for their corn, beans, beef, and pork, the vote might well go to the Democratic contender.

Economic issues

Palo Alto's economy is almost totally controlled by the successes or failures of farmers like Kenneth Kassel. If, for example, the price of beans plummets, the impact is felt at the feed store in Ayrshire or the Sears, Roebuck catalog outlet in Emmetsburg.

Mr. Kassel farms about 650 acres, half of which he owns. He sees a Republican victory next November at the national level, if employment improves and inflation is curbed. Local elections, he says, will be influenced largely by local farm conditions.

"President Ford has done a rea-

sonably good job, and I will probably vote for him," says Mr. Kassel. That sentiment is shared by his wife, Janice.

Palo Alto County has voted for the winner in every presidential election since William McKinley defeated William Jennings Bryan in 1896. The county also boasts the only precinct in the nation, Silver Lake Township, that has never failed to side with the presidential victor.

Silver Lake has another distinction: Mayor Jody Smith of Ayrshire, (pop. 270), its only town, was the youngest mayor in the country when he was elected in 1971. He had just turned 19. An avowed Republican, he says:

"If the election were held today, I think a Democrat would win. The only exception I make to that is if he were a liberal Democrat. Basically, the state of the economy, here and around the country, will determine the election. The economy, the price of gasoline, the price of corn—these are the issues."

A Democratic view

Oddly enough, an opposite forecast is voiced by an equally avid partisan, Mayor David Brown of Emmetsburg, the county's Democratic chairman. Mayor Brown, 26, is also one of the youngest officeholders. He asserts:

"I think President Ford will win next year. A lot of Democrats in this area feel he is doing a better job than they anticipated."

Voter registration gives no hint of the election outcome a year hence. However, registration figures do point up the bipartisan spirit of Palo Alto voters. By September, 1,246 had registered as Republicans, 1,778 as Democrats, and 2,361 with no party affiliation.

Favorites emerge

Democrats are beginning to pick out the presidential candidates they favor from the throng. Mayor Brown recently held a caucus of 30 county Democrats. Their favorite was the former Vice President, Sen. Hubert H. Humphrey. Sen. Frank Church of Idaho trailed Sen. Humphrey by two votes. Indiana Sen. Birch Bayh tied

for third with Sargent Shriver, who ran unsuccessfully for the Vice Presidency in 1972.

Mayor Brown feels that President Ford may be hurt by Secretary of State Henry Kissinger's expanding role in the sale of American grain to Russia. The State Department has been working on a long-term purchase agreement with Moscow. In the past, grain sales abroad were the Agriculture Department's business.

"Farmers here believe Kissinger is using their livelihood to shape his foreign policy," explains the mayor.

At the northern edge of the county, in Graettinger, the Republican county chairman, Mrs. Loretta Spies, says the economy will dictate 1976 election results.

"The economy bothers all of us," says Mrs. Spies, whose husband owns a corn and soybean farm. "Many of us out here are concerned over the dispute between labor and agricultural interests on the shipment of grain abroad."

Vincent Donahue, owner of the Donahue Tire Shop in Emmetsburg, is a lifelong Democrat. However, he jumped the traces twice and voted for Dwight D. Eisenhower for President in 1952 and 1956. He has not made up his mind yet about 1976, but explains:

"I thought President Ford was doing all right until he threatened to cut off grain sales to Russia. Now that it appears he is trying to work out a long-term agreement with the Russians, his stock has gone up again out here."

Taxes and spending

Ayrshire is a tiny crossroads community in the middle of the county. It lives up to the sign outside town on State Highway 314: "Welcome to Ayrshire. Fresh Country Air and Smiles to Spare."

Joe Morrow is assistant vice president of the Palo Alto County State Bank in Ayrshire. He is in close touch with the farmers of the area. Most of the bank's customers are farmers. He says:

"I think taxes, spending, the economy, and the price of energy are what will influence the voters next year. I'm generally satisfied with

Issues That Will Decide the '76 Elections *continued*

President Ford's record so far. But I would like to see more done in the employment area as well as a reduction in our spending abroad."

Bread and butter issues

Across the street, grocer Jack Kundel finishes waiting on a customer, then takes up the interviewer's question: "How would I vote? Right now, I'd like to vote for Hubert Humphrey, but there's no telling who the Democrats will settle on.

away from the law-abiding citizen. The middle class is being taxed to death. The price of everything is sky-high, and I blame the unions. All this has to come to a screeching halt."

Idleness attractive

Up the street at the Sears, Roebuck catalog store, owner Donald W. Johnson voices his concern over the decline of the work ethic in America. "We've seen some of that around

mixed emotions about the President.

Chiropractor A.J. Laubenthal has practiced in Emmetsburg for nearly 50 years. He is convinced that pocketbook issues will determine the election.

He says: "I don't think we can continue with this inflation the way it is going. Mr. Ford is a long way from having the election won. A lot of things happening today remind me of the Hoover period and the events that led to the Depression. Government is too big; taxes are too high. We're getting squeezed from every direction."

Happy farmers?

Managing Editor Ron Seaman of the Emmetsburg Reporter and Emmetsburg Democrat takes a different slant: "I think President Ford's record is getting better every day. No question about it, farm prices are the major issue out here. If the farmers are satisfied with the arrangement Mr. Ford works out with the Russians on buying our grain, the President will carry Palo Alto."

Pharmacist Ron Mansmith owns Cook's Drug Store in Emmetsburg. He sizes up voter feeling this way:

"Elderly voters, I think, will be influenced by taxes in general and property taxes in particular. And they are concerned about Social Security and Medicare. The young voters are looking for candidates who will restore integrity in government. They've been badly disillusioned."

Voters cynical

Mary E. Anderson, city librarian, is disturbed by the growing voter cynicism. She says:

"Watergate certainly hasn't added to the respect Americans have for how their government is run. As painful as Watergate was and is, perhaps we'll be a better country in the long run."

John Lehmann is now a real estate salesman and a gentleman farmer. He used to run a dairy farm but sold it because government milk pricing policies made it difficult for him to stay in business.

"President Ford is singing the right songs," he says, "as far as I'm concerned. We have far too much government on our hands, and Mr.

PHOTO: GERALD BRIMACOMBE—BLACK STAR



Kenneth Kassel, who raises beef cattle and farms 650 acres of corn and soybeans, believes U.S. voters will give the nod to President Ford. But he concedes that inflation and unemployment will be decisive factors.

Frankly, I believe President Ford will be elected."

Mrs. Lois Baumunk, owner of the Lois House of Fabric in Emmetsburg, interrupts her work at the sewing machine. She is uncertain about discussing politics.

Sees no difference

"Frankly, I don't trust politics or politicians anymore," says Mrs. Baumunk, who is the first woman president of the Emmetsburg Chamber of Commerce. "It has reached the point where I can't see any difference between the candidates. I used to be a Republican, but I'm nothing now. I didn't even vote in the last two presidential elections."

Mrs. Baumunk feels that the American system is not working the way it was intended. She says:

"We have shortages that are more political than real. Our laws seem to lean in favor of the criminal and

here recently when two big employers had to let some people go," he says. "Some are looking for jobs, but others are willing to settle for unemployment pay. I've always felt a man ought to work. More and more, it seems like most people are looking for a free ride. But there just isn't a free ride."

"Maybe someday the middle class, which is paying the bill, will decide they have had enough, and we can stop this. So far, though, I'm afraid we just look at this as somebody else's problem and say, 'Let Joe take care of it.'"

Edward Norland, vice president of the Iowa Trust & Savings Bank in Emmetsburg, agrees with Mr. Johnson: "We've made it too attractive for people not to work."

Mr. Norland says he will likely vote for Mr. Ford, if he is the Republican candidate. However, he believes most farmers in the area have

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Issues That Will Decide the '76 Elections *continued*

Ford is on the right track trying to cut government down. He certainly is doing the right things in trying to get government to stop kicking business around."

A builder's view

Vic Johnson, an Emmetsburg builder, believes the country has fallen victim to too much lawlessness and permissiveness. However, he says:

"I think the election will be decided entirely by the voter reaction to unemployment, the economy, and American foreign policy."

Frank Jenkinson runs a shoe repair shop next to the Emmetsburg newspaper plant. He voted Republican in 1968 and Democratic in 1972. This time around, he hasn't made up his mind. He says:

"I think the President has done a lot of good things, but he's made some mistakes, too. I just don't know how I am going to vote."

Making his own way

Mr. Jenkinson was a factory worker until three years ago, when a chronic back ailment forced him to seek other employment. Jobs were hard to come by. Eight of his 11 children were and are still living at home. Reluctantly, he agreed to accept welfare payments and food stamps.

Emmetsburg had no shoe repair shop, so Mr. Jenkinson decided to open one. But first, he went to a nearby town and worked without pay in a shoe repair shop to learn the business. Then he borrowed \$2,000 from a finance company and opened his own shop.

So far, income from the shop isn't enough to support Mr. Jenkinson and his family.

"I'm still getting welfare help and food stamps but I'd like to stop," he says. "I don't like to get something for nothing. People on welfare, if they are able, should have to do some kind of work, even if it's only picking up beer cans along the highway."

"It just isn't right. I'm tired of hearing about people who want everything for nothing."

"I can't wait for my business to pick up so I can make it on my own."

Crook County: Unhappy With Government

PHOTO: HUGH ACKROYD



Dr. Riley Allen, a dentist who is mayor of Prineville, the Crook County seat, finds that some regulation is just too much. "Often," Dr. Allen says, "we have to install 18-inch pipe in construction projects when ten-inch pipe would be more than large enough."



James Garrett, vice president and general manager of Consolidated Pine, Inc., is a registered Democrat but says he is "leaning toward" President Ford. He says cattle and lumber prices "have been off, but they are picking up." This, he adds, will help Mr. Ford at the polls next year.

BY ALMOST ANY STANDARD, Crook County, Oregon, is a relatively happy place.

- Business is good and improving.
- Unemployment is high, but jobless ranks are thinning.
- Inflation is abhorrent to ranchers, farmers, loggers, and townspeople, but the rate is dropping.
- Crops and cattle bring good prices.
- Welfare rolls, by national standards, are short.

However, the people of Crook County find plenty to complain about when it comes to actions by government. The complaints include environmental overregulation, federal and local; Occupational Safety and Health Administration demands; and excessive spending.

As for national politics, with the presidential election a year away, Crook County seems heading for an overwhelming vote to elect Gerald Ford—if he is nominated. Although

registered Democrats in this thinly populated county in central Oregon (pop. 9,985) outnumber registered Republicans by 3,347 to 1,878, sentiment favoring President Ford seems to be overwhelming.

One Crook Countian after another says this probably will change somewhat after the Democrats select their presidential candidate from the ten or 12 candidates for the nomination. But President Ford will still carry the county by a fat margin, they predict.

Like county, like nation

Crook County will celebrate its 100th birthday in 1982.

Every winning presidential candidate has carried the county since it came into existence. In addition, in recent elections, the way voters divided in the county closely paralleled the division nationally.

In 1972, President Richard M. Nixon won by a landslide—in Crook



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Issues That Will Decide the '76 Elections *continued*

County and in the rest of the nation. In the county, the vote was 2,167 for Mr. Nixon to 1,743 for Sen. George S. McGovern.

In 1968, Mr. Nixon won narrowly nationally and in the county. The vote in the county was 1,727 for Mr. Nixon to 1,611 for Sen. Hubert H. Humphrey.

In 1964, President Lyndon B. Johnson smothered Sen. Barry M. Goldwater nationally. The county tally was 2,441 for President Johnson to 1,161 for the senator.

"Out here in the Far West, we are individualists," says James O. Smith, publisher of the local newspaper, the *Central Oregonian*. "We vote for individuals, not for parties. Obviously, this is true. Why else would the county swing back and forth between Republicans and Democrats?"

Fed up with spending

Mr. Smith says he is a "disconcerted Democrat" who once was more liberal than he is now. "I'm getting older," he says. "I give a lot of my tax money to Washington, where a Democratic Congress spends too much." Like several others in the county, Mr. Smith applauds selling grain to the Russians. He is pleased that in future years, sales are to be stabilized under long-term contracts. He does not like the Russians' jumping in and buying all the grain in sight, thereby running up the price of American bread and grain-fed cattle.

James Garrett, vice president and general manager of Consolidated Pine, Inc., a lumber company, is a registered Democrat who says he is definitely "leaning toward Ford."

The economy: top topic

Besides the weather, the main topics of discussion in Crook County are economic.

"Our boxcar loadings have increased recently," Mr. Garrett says. "Cattle and lumber prices have been off, but they are picking up. This will help President Ford next year."

One person on welfare is one too many, he says, "but our welfare rolls are of manageable size."

Does foreign news disturb people in Crook County? "Not much," Mr. Garrett says. "We are 150 miles from Portland and 3,000 from Washing-

ton, so not much foreign news gets here."

The school busing that you hear so much of in some parts of the country is no issue in Crook County, which has just one black family.

Prices are lower

Prineville, the county seat (pop. 4,101), is a town where five cents pays for a half hour on the parking meters. Many other prices are also lower than they generally are in the

PHOTO: HUGH ACKROYD



Mrs. Anne MacDonald, a Prineville lawyer, thinks Sargent Shriver is a stalking horse for Sen. Edward Kennedy. If he isn't, she says, he "must be the most conceited man in the country. Why does he think he would be a good President?"

East, Midwest, or West Coast. A single room in an excellent motel costs \$12 a night.

The biggest entrepreneur in Prineville is Les Schwab, who founded a car and truck tire company that bears his name. He has 47 company-owned stores and 27 franchisees. Mr. Schwab is concerned that federal laws and regulations too often infringe on states' rights, while state laws and regulations infringe on county rights.

"Too often, it is a case of a higher government dangling money in front of a lesser government and saying, 'If you give me control, you can have the money,'" Mr. Schwab says.

Mr. Schwab is irked by what he sees as environmental overregulation.

He doesn't blame Washington for

all of this, either. "Recently, we built an open-air football and rodeo stadium," he says, "and we were required by the local government to put in a sprinkler system for fire protection. Furthermore, sawmills around here want to burn discarded tires to generate power for their machinery. As fuel, old tires provide more intense heat than gas or electricity. A system has been worked out so the burning tires do not emit smoke in the atmosphere. But no, the



James O. Smith, publisher of the *Central Oregonian* newspaper, calls himself a "disconcerted Democrat." He explains that "I give a lot of my tax money to Washington, where a Democratic Congress spends too much."

mills aren't allowed to use them."

Mr. Schwab's favorite candidate is President Ford. Among Democrats, he likes Hubert Humphrey the best.

Don Miller, president of Les Schwab's company, complains about the postal service. To speed communications, he sends all intracompany mail by company trucks.

Neither Sen. Edward M. Kennedy nor Sen. Henry M. Jackson seems to have much following in Crook County. Crook Countians say they hope Sen. Kennedy does not run. If he does, they add, Chappaquiddick will be a campaign issue.

"OSHA is killing us"

Voters mentioning OSHA as an unfair burden to business and the citizenry include Republicans Wil-

KNIFE-WIELDING MAN CAPTURED ON FILM AS THOUSANDS WITNESS ON TV.

"The competition can steal my concept," says restaurateur Rocky H. Aoki, "but they can't steal my atmosphere."

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liam Overall, local distributor for Standard Oil of California, and County Judge Richard Hoppes.

Mr. Overall says: "OSHA is killing us with regulations. Businesses cannot afford to make all the alterations to plants and equipment demanded by OSHA."

Judge Hoppes calls for curbing OSHA, although not for its abolition.

The judge says the disgraces of Watergate and Chappaquiddick "are revivable and can affect the election."

"I am not completely happy with Ford," he adds, "but I do approve of the President keeping a close watch on Congress, and of Congress watching the President."

Welfare—small but growing

One reason why few are on welfare rolls, the judge says, is that "people out here try to take care of each other." As evidence of this neighborly spirit, he cites two recent "raisings." The town erected its football stadium and its new chamber of commerce building with volunteer labor from the community. Much of the materials were donated by local builders and lumber mills.

However, the trend is toward larger welfare rolls.

To explain the trend, W.M. Romine, manager of Erickson's Department Store, cites one experience of his. "This woman," he says, "came in and said: 'You don't have a job for me, I hope.' With an attitude like that, we sure didn't give her a job."

Mr. Romine says that 11 of his bridge club's 12 members will vote for Mr. Ford.

Here in central Oregon, energy is not the hot subject it is elsewhere. One big reason is the abundance locally of hydroelectric power.

But that source is not inexhaustible, Charles A. Boyden, manager of the Prineville office of Pacific Power & Light Co., points out. In recent years, he says, the proportion of hydroelectric power has been shrinking compared to that generated by burning coal and oil. Mr. Boyden is happy that his company has huge surface coal holdings in nearby Wyoming. He's unhappy, however, that Pacific Power & Light cannot "put

up two or three dams on the Snake River between Oregon and Idaho. Actually, lakes backing up behind the dams would provide more recreational areas than there are now."

Wasteful regulation

Dr. Riley Allen doubles as Prineville's mayor and a dentist. He says American towns and cities are retarded by "overregulation, and I'll give you an example. Often we have to install 18-inch pipe in construction projects when ten-inch pipe would be more than large enough." He also feels too much money is taken to Washington by way of federal income taxes.

Who is he for next year?

"Ford, all the way," he says.

Mrs. Anne MacDonald, a lawyer, says she thinks Sargent Shriver is a stalking horse "for his brother-in-law, Teddy Kennedy. If he isn't, then Shriver must be the most conceited man in the country. Why does he think he would be a good President?"

Dick Cain, a rancher who lives at Powell Butte (pop. 40), wants grain sales to Russia continued, but on a look-ahead basis, as they are scheduled to be under a recent agreement between the two countries. "Let's make sure we know how much the Russians will buy in two, three, or four years," he says. "Let's don't have another 1972, when they suddenly bought all that grain. That ran my feed costs up about 100 percent."

Rancher Cain sits on a log outside his home, looks out across miles of open land, and shows his confidence in American farmers and cattlemen by saying quietly: "Give us a little help, and we'll feed the world."

What irks most

Of all irritants for people of Crook County, none outranks excessive spending by government—at all levels. Voters in the county, like voters elsewhere, have turned down local government spending requests.

Crook Countians may have gone a bit further than most, however. They have voted down nine county and school budgets in two years. There seems little residue of unpleasantness over the issue. The people are simply saying: "Enough is enough. Cut spending or we will cut it for you."

Laramie County: Inflation Worries Amid Prosperity



Wyoming voters such as rancher Bus Ferguson shift across party lines as easily as they swing into the saddle. A Republican, Mr. Ferguson says he would vote for George Wallace, if the Democrats nominate the Alabama governor, over President Ford.

WEST OF CHEYENNE, Wyo., where the tracks of the Union Pacific work their way through a pass to the Pacific, sits the Ferguson Ranch. This family corporation runs some 800 cattle on 8,300 acres that butt up against Medicine Bow National Forest.

Saddling up to move some stock, Walter C. Ferguson, Jr., and his two sons, Bus (Walter III) and Chud (Charles M.), pause to discuss the coming presidential election.

The elder Mr. Ferguson speaks

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Issues That Will Decide the '76 Elections *continued*

bitterly about the low price for beef and the economic situation in general. "Too many labor unions, too much government spending . . . and that means welfare. It has killed the American way of life."

High cost of everything

Bus Ferguson speaks of the high cost of everything, the ever-tightening bind on cattlemen. He believes that what the nation needs in the White House is an executive with managerial experience, not a legislator.

"I usually vote Republican," he says, swinging up into the saddle, "but I sometimes vote Democratic."

Switching support from one party to another is a tradition in Laramie County (estimated pop. 66,000). The county has been carried by the winning candidate in every presidential election since 1896.

How does Bus Ferguson feel about President Gerald R. Ford?

"There are worse," he responds. He doesn't think there is a Democratic candidate at this time who could defeat Mr. Ford. "If the Democrats nominate a good conservative candidate, they'd have a good chance," he says. "I'd vote for George Wallace over Ford."

Yet Chuck Ferguson says: "If Ted Kennedy gets nominated, Laramie County will go for him."

A lot of other voters, Democrats, Republicans, and independents, agree with that.

Energy-rich

The voting strength of the county is in Cheyenne (estimated pop. 49,975), the state capital. Many state and federal government workers are employed there. To the east is some farmland. In every direction lie ranches, some nearly as big as the King Ranch in Texas.

On the outskirts of the city are producing oil wells. Further away, to the north, are vast oil and gas fields and a wealth of energy in the massive coal deposits of the Powder River Basin. To the west are untapped oil shale deposits.

Wyoming is energy-rich and prosperous.

Yet, even though the county's unemployment rate is only four per-



State government workers aren't likely to vote as a bloc, says Mrs. Judy Karns, president of the large Cheyenne chapter of the Wyoming State Employees Association.

cent, inflation and national unemployment are major concerns. Barring a major depression around Election Day, however, President Ford stands a good chance of carrying the county.

But there are many if's involved. Not the least is the independence the voters show at the polls.

"I'm a registered Republican," says Warren L. Slagle, executive director of the Industrial Development Association of Cheyenne, "but that doesn't mean I'll vote Republican. I'll vote for the conservative candidate."

G. Edward Sencabaugh, special assistant to the president of the Union Pacific Railroad Co., is another registered Republican. A former state legislator and a conservative, he fervently hopes the next President will be Mr. Ford. Ronald Reagan is his choice for Vice President. Inflation and unemployment are the things that disturb him most.

Could he vote for any Democrat?

"No sir, not even George Wallace."

Heavy labor vote

"This area has always had a heavy labor vote," Mr. Sencabaugh adds. "The only Republicans who can get elected here are liberal Republicans."

Robert S. McCracken is president and publisher of Cheyenne Newspapers, Inc. A Democrat, he heads a publishing firm that prints a Republican morning paper, the Wyoming State Tribune, and the Democratic Wyoming Eagle in the afternoon.

"If you believe in our political system," explains Mr. McCracken,

"both parties should have a voice."

Inflation, he believes, is the major worry of local voters.

Bernard Horton, editor of the Eagle, is confident that Sen. Edward M. Kennedy, with a moderate running mate, would defeat Jerry Ford with either Nelson A. Rockefeller or Mr. Reagan on the G.O.P. ticket.

The Kennedy mystique is strong in Wyoming. Sen. Kennedy was his brother John's campaign manager in the state, and he worked hard. Even some die-hard Republicans mention the senator as a shoo-in, dismissing Chappaquiddick with a wave of the hand.

But not James M. Flinchum, editor of the State Tribune. He is highly critical of Congress and is an outspoken voice for local Republicans.

"If an election were held today, I think Ford would take it," he says.

Mr. Reagan would be a strong candidate in the state, Mr. Flinchum believes. He says Mr. Reagan would be President Ford's best running mate.

Economic worry

Both editors feel the major worry locally is the economy.

Kenneth R. Burns, county Democratic chairman, says he is sure that Sen. Kennedy would carry the county, "but I don't think he'd be a candidate."

Top runners, in his opinion, are Sen. Birch Bayh and Rep. Morris K. Udall.

President Ford, he concedes, would be a formidable candidate. "He has a commonsense, folksy approach they like out here."

Mr. Burns thinks most voters feel the President has mismanaged the energy situation. Yet a nagging worry to most Democratic leaders is a visit from Mr. Ford. Pressing the flesh and howdying tilts elections in their part of the world.

Jack F. Mueller, the G.O.P. county chairman, is also national chairman of the Young Republicans National Federation. Mr. Ford is very popular in the county, he says. He believes the President's warmth and down-to-earth qualities will attract independent voters. "Many of them are tired of the same old faces in the Democratic Party."

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Issues That Will Decide the '76 Elections *continued*

happen to hurt Republican chances? "It has already happened," he says. "Watergate and the Agnew resignation."

The strongest running mate for Mr. Ford, in his estimation, would be Mr. Reagan. Vice President Rockefeller, he says, isn't popular with local Republicans.

"The rank and file in this area have a conservative philosophy," he contends. A significant number of union members, he says, are Republicans.

A labor view

L. Keith Henning, executive secretary of the Wyoming AFL-CIO, says the county's more than 5,000 union members strongly support labor-endorsed candidates in state races. These candidates, he notes, aren't always Democrats.

"In presidential elections, I think a majority vote the Democratic ticket," he says, "if the candidate is one they can accept. About 75 percent of the union members in the county are registered Democrats."

They obviously rejected Sen. George McGovern in 1972, he says. However, Sen. Hubert H. Humphrey, Sen. Jackson, or Sen. Bayh are the kind of Democratic candidates union members would vote for, he feels.

Mr. Ford, he believes, is the strongest Republican candidate, but not necessarily in Laramie County. He cites Mr. Ford's handling of the economy and his voting record on labor issues as the major reasons for this belief.

Mr. Reagan?

"I don't think this county is that conservative," Mr. Henning says.

Mrs. Judy Karns, president of the Cheyenne chapter of the Wyoming State Employees Association, says association members won't vote as a bloc in a national election and are "pretty conservative."

A major concern: environment

Protecting the environment, she believes, is a major concern of most local voters.

The latest voter registration list indicates that the coming presidential race in Laramie County is up for grabs.

There are now 11,493 registered



"A Wyoming Democrat," says Cheyenne Editor Bernard Horton, "is a conservative Democrat."

Democrats in the county, 9,626 Republicans, and 3,569 independents, County Clerk Janet C. Whitehead reports.

Laramie County's Spanish-speaking citizens are another factor in the coming election. This Hispanic minority comprises some ten percent of the county's population. Many in the Spanish-speaking community aren't registered. This chagrins Mrs. Juana Rodriguez, a civil rights leader.

Even those registered won't vote as a bloc, she believes.

"I'm a registered Democrat," she explains, "but in the last four elections I split my ballot." While she wouldn't vote for Sen. Kennedy, she thinks most of the Hispanic community would vote for him.

Her favorite Democratic candidate is Sen. Frank Church of nearby Idaho, but she thinks Sen. Bayh is now the front-runner. Except for Sen. Kennedy, the best vote-getter among the Hispanic community would have to be a moderate, she says. Yet, Sen. Humphrey wouldn't do well in this day and age, she predicts.

Conley B. Stroud, Jr., vice president of the Cheyenne National Bank, a registered Republican, feels differently. He thinks the Minnesota senator would be attractive to local voters and give President Ford a neck-and-neck race.

The strongest Republican ticket, in his opinion, would be Ford and Reagan.

Democrat Rodger McDaniel, a state legislator and field representative for Wyoming Rep. Teno Roncalio, says Laramie County Democrats are "fairly conservative." George McGovern was not acceptable

to them, he says, but "if the candidate is a Birch Bayh, Hubert Humphrey, Sargent Shriver, or Henry Jackson, Jerry Ford will not carry the county."

Livestock and interest

He thinks voters are concerned about the economy and energy, plus low livestock prices and rising interest rates.

Local politicians are sure that the independent vote in Laramie County will decide the 1976 race.

S. Norman Stark, a leading retailer in Cheyenne, and a registered independent, says:

"Ford's chances get better every day. I do like Rockefeller over Reagan. Democrats? Scoop Jackson is at the moment the strongest candidate."

R.W. McIntosh, a salesman for Grier Furniture Co., seems to sum up the current climate of opinion. He registers Republican, he says, but hastens to add that party affiliation doesn't mean much to him.

He says: "I favor the man who is in there now, but I'll kinda wait to see who's running before I decide who my favorite will be."

Still open-minded

In short, Laramie County is reserving final judgment.

President Ford, running with either Vice President Rockefeller or Mr. Reagan, would be hard to beat, provided:

- The economy continues to improve.
- A reasonable solution to the energy problem is reached.
- Double-digit inflation doesn't reignite.
- The price of cattle rises.
- Grain shipments move overseas.
- The environment doesn't fall victim to polluters.
- High unemployment doesn't wash across the country and affect Laramie County.

Otherwise, a moderate Democrat with a promise of a better tomorrow would present the President with a formidable challenge.

At the moment, President Ford stands a good chance of carrying Laramie County.

If Sen. Kennedy is drafted and runs, all bets are off. **END**

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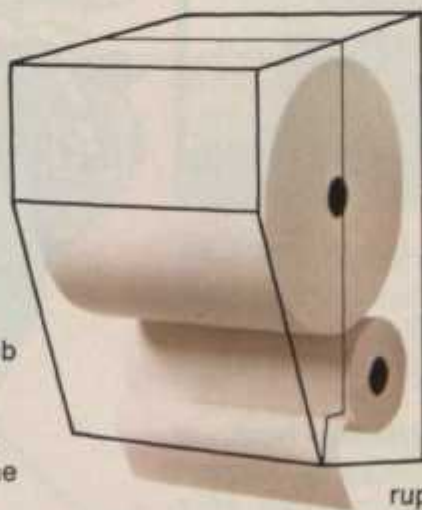
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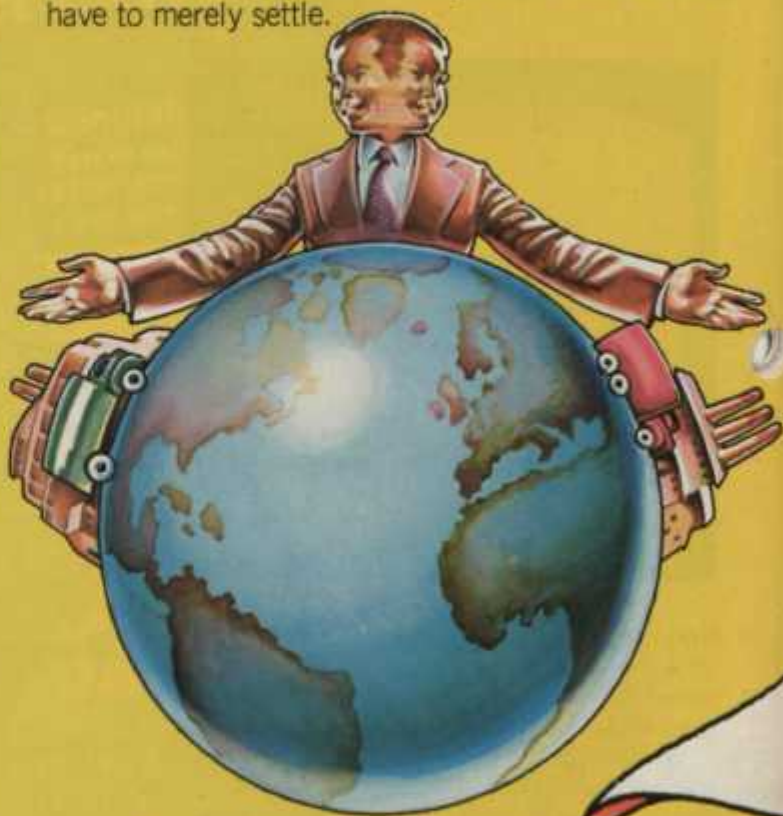
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How much are we now spending on veterans' benefits?

Veterans Administration expenditures are expected to approach \$16.5 billion this year—an increase of about \$2.5 billion over the previous year. There are 29.5 million veterans living today, the largest number in the country's history. Since there are still Civil War widows getting VA assistance, it is reasonable to assume there will still be Vietnam War widows collecting veterans' benefits a hundred years from now.

How does the number of federal employees compare with the number of employees on local and state government payrolls?

There are about 2.9 million federal workers today as compared with a full-time equivalent of 9.9 million local and state employees. Nearly half

of the local and state employees are in the field of education.

Federal employment reached a peak of 3.4 million during World War II, was down to two million in 1947, was up to three million in 1967, and then gradually fell back to the present 2.9 million.

State and local government employment, which decreased 200,000 to 3.2 million during World War II, has increased nearly every year since then.

Is the big movement of people from the farm to the city still in progress?

Actually, the rural-to-urban migration trend is being reversed. The Agriculture Department says non-metropolitan area population grew 4.2 percent between 1970 and 1973 while metro area population rose only 2.9 percent.

Reasons for the trek back to the country include improved job opportunities created by decentralization of manufacturing and other industry, expansion of state colleges, increased recreation activity, and the growing number of retirees seeking escape from the hustle and bustle of city living.

How much military equipment do we sell abroad?

In the past five years, the figure has risen from slightly less than \$1 billion annually to more than \$8 billion. Sixty-nine nations bought American planes, guns, tanks, etc., during this period.

Meanwhile, direct United States military assistance, in terms of military gifts, has stayed fairly constant—just under \$3 billion annually to some 50 nations.

STATEMENT OF OWNERSHIP

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Making a Sick Company Healthy

Montgomery Ward was in deep trouble. Now it is thriving. This is the story of what happened—how Edward S. Donnell is running a new company

AT 41, EDWARD S. DONNELL felt comfortable in the fact that he was progressing from one career goal to another, moving steadily up the managerial ladder of a giant corporation.

As head of all Sears, Roebuck stores in the Los Angeles area, he was one of the company's highest-paid executives.

On top of this, he had just received a letter from Gen. Robert E. Wood, Sears' chief executive. If Ed Donnell continued making progress, the letter assured him, the West Coast vice presidency would be his in about three years.

Then Robert E. (Tom) Brooker entered the picture. Mr. Brooker had lured Mr. Donnell to Sears from the B.F. Goodrich Co. 15 years earlier to help develop Sears' truck tire business. At the time, Mr. Donnell was running a small Goodrich outlet in Cambridge, Md., with one clerk and a tire buster as a staff. Mr. Brooker gave him an office and five salesmen in Washington, D.C., and told him to start selling tires.

While Mr. Donnell had stayed at Sears since then, Mr. Brooker had moved to Sears' ailing competitor, Montgomery Ward & Co., where for

the past few months he had been president.

Tom Brooker laid his cards on the table. If Ed Donnell would come to Montgomery Ward as vice president of its eastern region, he could expect to become the firm's president one day.

Tough decision

The decision was a tough one—immediately become a vice president of Wards or wait three years for a similar job with the champion merchandiser of them all.

Mr. Donnell did what he always did in momentous matters—talked it over with his wife, Rose. He respected her judgment. A Phi Beta Kappa, Mrs. Donnell had given up a career in medicine to become a wife and mother. The Donnells talked and talked and couldn't reach a decision. Then they decided to get away from it all—take a vacation in the Orient.

One evening, over dinner at the palatial Grand Hotel in Taipei, something former President Eisenhower had said in a recent speech came back to Ed Donnell. Something about young people taking on new challenges, living dangerously. Mr. Donnell turned to his wife and said:

"I guess what he meant was that we ought to accept this challenge. Let's go."

She replied simply: "Okay."

Making big changes

Mr. Donnell accepted the Wards vice presidency in 1962, was made executive vice president in 1964, and was elected president two years later. Last year, at age 55, he became chairman and chief executive officer.

He is the first career retailer to head Wards since the days of Aaron Montgomery Ward, who founded the firm in 1872. The others, for the most part, came up through manufacturing, finance, or law.

In the months after he joined Wards, Ed Donnell wondered many times whether his decision to do so was sound. Mostly, he found small, antiquated stores in dying downtown areas of small towns. Many managers began their day stoking furnaces. Wooden floors were smeared with oil, oil being cheaper than wax. And always, there was the traditional green awning.

Mr. Donnell helped change all that, embarking on a program to create a new Wards.

Most of the old stores were aban-

Making a Sick Company Healthy *continued*

done and, in small communities, replaced by catalog units. The company moved into big cities. Large, modern merchandising centers bearing the Wards name began springing up. Today, the company commands a position of strength in 24 major retail markets.

In addition, Mr. Donnell launched a program to computerize virtually every Wards operation, committing the company to an investment of some \$180 million in computer hardware and software research and development. Also, the company began employee incentives and benefits programs that had a major effect in attracting good people to it and holding them.

Under Ed Donnell's aegis, Montgomery Ward was turned around. In 1962, when Mr. Donnell came aboard, Wards sales totaled \$1.3 billion. In 1969, they cleared the \$2 billion mark for the first time. Last year, they were \$3.6 billion.

Faith in Chicago

In 1968, Wards merged with Container Corp. of America and became Marcor Inc. (total sales last year, including Wards: \$4.6 billion). Mr. Donnell is also president of Marcor and sits on the board of Mobil Oil Corp., which, in a major stock transaction, assumed financial control of Marcor in 1974.

The Donnells live in Winnetka, Ill. One of Mr. Donnell's favorite pastimes is water skiing with his four children and daughter-in-law and son-in-law.

Under Tom Brooker, and later Ed Donnell, Wards has added meaning to the term corporate responsibility. In 1972, Wards faced the prospect of having to abandon its old headquarters on Chicago's Near North Side, surrounded by slums and public housing and by rising crime. Montgomery Ward decided to remain.

When Wards announced it would construct a new 27-story headquarters there, the Chicago Daily News congratulated the firm editorially for a "substantial demonstration of faith in our city, and for choosing a role of constructive leadership in making its hometown a better place to live."

Today, neighborhood children play tennis and basketball on the Wards



"This is an action-oriented industry. Passive people don't succeed in retailing. It is a business of a multitude of details, not like manufacturing a product. We deal with 130,000 different products and 120,000 employees in 2,000 locations."

grounds. After work hours, employees hold classes on lower floors of the headquarters building, teaching typing, reading, writing, and arithmetic. There are drama, dance, music, and art programs. Nearby is a new YMCA to which Ward employees contributed \$100,000. Crime in the area has gone down.

Mr. Donnell, in an interview in his 26th-floor office with a *NATION'S BUSINESS* editor, talks about his career and methods as a manager and merchandiser.

What do you believe is the No. 1 ingredient of good management?

The ability to select talented people has to be No. 1. The selection of key executives who can work in top corporate, middle management, and other profit centers is critical to a company's success.

It is also essential to properly manage one's assets and to recognize what is achievable within the financial capability of your company. In

the go-go years of the 1960's, we saw many companies make acquisitions that are now serious liabilities, because these elements were not given proper consideration.

I think it is vitally important for managers to understand financial limitations, to understand the parameters in which they are operating.

What is the most useful skill your years in business have taught you?

Open communications. To be effective in today's business environment, top officers must include in the decision process those who have to execute policy decisions. You cannot constantly surprise your organization and expect to retain their confidence. Whether they win or lose a decision is not as important as recognition that their point of view was considered.

Is there anything unusual about the way Wards is managed?

Wards is the most open, objective

company I have been associated with in my business career.

Our nine senior officers meet once a week to discuss performance and policy matters, and all of our officers meet monthly. Twice a year, I go to all five of our regions with the president and key corporate staff to discuss the last six months' performance and to plan ahead for the next six months.

One of the great strengths of the company is that we bring together every three months our field vice presidents and our corporate merchandising officers to plan our promotional programs. This group meets for three days in New York and six days in Chicago, and they personally select every item that goes into each quarterly program. We also review merchandise items that are both successful and unsuccessful, and we agree on further action.

For example?

At one meeting, our vice president of the southwest region brought to our attention the fact that a small competitor was having great success with sales of citizens band radios. We broadened our assortment, and sales are skyrocketing.

At these quarterly sessions, any program can be challenged—and programs are challenged. This isn't one-upmanship. All the participants regard it as a sharing of information, a way to do better.

Are all the big decisions made at the quarterly meetings?

Not at all. The executive vice president of merchandising has a staff of 40 national merchandise managers. Each is a chairman of the board of his line of merchandise. It may be furniture, floor coverings, or automobile tires. Each manager is responsible for developing product assortments and promotions, and for determining price structure and sales strategy.

Do you get around to individual stores?

I enjoy visiting our stores—talking with salespeople, examining merchandise, finding out what's selling and not selling, checking on the caliber of customer service. I like mer-

chandise, and I like people. These two interests make this an exciting business.

How is the Wards management team structured?

Basically, we rely on decentralized management. We are divided into profit centers. Each person who is in charge of a metropolitan district, a zone, a store, or a national merchandise department is rated according to personal performance.

We give a lot of latitude to our people. They are not on a short leash. We encourage them to run their own shops, and to discuss their problems openly. I think we have a classic retail organization structure.

Do you have any special technique for keeping up with everything you need to know to run a business this size?

Yes—asking questions. I believe in asking plenty of questions in all the important areas of our business. And I try to stay in close touch with all of our key people.

How many employees do you have?

We have around 120,000, counting the part-time extras. If you converted all of the part-time extras to the full-time equivalent of 40-hour-a-week workers, you would come up with 99,000 full-time employees.

Almost half of our employees in the stores are part-time extras. Many are housewives and mothers. They'll get their children on the way to school in the morning, come to work for us around 11 o'clock, and generally work about four hours in the middle of the day. Others work from five o'clock to nine o'clock in the evening.

They are very good people. They appreciate being able to work the hours of their choice, and we appreciate having them. It works well for both of us.

Let's back you up a few years. How did you get into the merchandising business?

I graduated from Duke University, where I majored in economics and English, and went to work with the B.F. Goodrich Co. After various assignments, I managed the Cam-



The Donnells at their home in Winnetka, Ill. A Phi Beta Kappa, Rose Donnell gave up a career in medicine to marry Ed Donnell.

bridge, Md., store for two years and then became the Washington, D.C., district sales manager.

From Goodrich, you moved to the tire department of Sears?

That's right. I was recruited by Sears to head up their Washington commercial truck tire department.

How long did you do that?

About a year. One day, the district manager for Washington called me in and said he thought I should broaden my merchandising experience. He felt that six years in the tire business had me categorized as a specialist.

I joined the staff in the Washington office and for three years was in charge of big-ticket sales—in other words, the major appliances for the five Washington stores.

What did you do next?

I was sent to Mexico as merchandise manager of Sears-Mexico and



"I enjoy visiting our stores—talking with salespeople, examining merchandise, finding out what's selling and not selling. . . ."

shortly thereafter was named manager of one of Sears' largest stores—the one in Mexico City. I was made president of Sears' subsidiary in Mexico in 1954.

Was language a problem in Mexico?

When I got the appointment, I took a crash course in Spanish. Within a year, I was speaking Spanish haltingly and in two years rather fluently.

How long did you stay in Mexico?

In 1958, I was transferred to Los Angeles and appointed zone manager of 32 Sears stores in California, excluding Los Angeles and San Francisco. Three years later, I was made group manager of all Sears stores in Los Angeles, the company's largest retail profit center.

Has anyone had a particularly profound influence on your life?

My wife and my mother. My mother was a widow, and she was

very dedicated, ambitious, and hard-working. My wife is a very understanding, sensitive, and intelligent gal—all great attributes for a retailer's wife.

In addition, Gen. Wood of Sears, Tom Brooker, and Leo Schoenhofen, chairman of Marcor, all contributed substantially to my career.

What do you consider the turning point in your career?

Two events, I would say. One was when T.V. Houser, then chairman of Sears, phoned me in Mexico City and said he wanted to come down and talk. I met him at the airport, and he told me I was being made president of Sears' operations in Mexico. It was a great moment in my life. I was only 35 at the time.

The other event, of course, was when I was asked to come to Wards, with the prospect that I would be named president.

What have been the major changes

at Wards since you came aboard?

Today, we are virtually a new store chain, mostly created in the last 14 years. In 1960, we had 500 of what we call green-awning stores—relatively small outlets in small towns. We have closed more than 400 of them, and we have opened 300 large stores. We do more than 60 percent of our total company volume in 165 large stores, and close to 80 percent of our profit is made in these large stores.

Where the typical Wards store in 1961 would have selling space of perhaps 15,000 square feet, the average today is around 75,000 square feet.

Virtually everything we are building at the moment is from 90,000 to 125,000 square feet.

Does this mean there no longer are Wards stores in small towns?

When we close a green-awning store, we replace it with a sales agent or a catalog outlet. So we are still represented in all of these former markets.

How does a sales agency differ from a catalog outlet?

Our sales agents are independent entrepreneurs who work on commission, processing catalog orders. A catalog outlet is staffed by our own employees.

What is the ratio of catalog sales to retail store sales?

About 25 percent of all our sales are through the catalog division. I should point out that we do about 35 percent of these sales right in the retail stores.

By the way, what does it cost to turn out a catalog?

Five major books go to our regular customers—two big general catalogs and three promotional catalogs. It costs about \$9 for the series, not counting mailing and the like.

Do most of your new stores go into shopping centers?

Our strategy calls first for being part of a regional center wherever possible. If we can't get into a regional center, we will go across the



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Making a Sick Company Healthy *continued*

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How do you attract customers in this highly competitive business?

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I know all retailers are trying to do the same thing but, considering our background, we try a little harder.

Are you optimistic or pessimistic about the course of business in this country?

I am optimistic. The American businessman has always been ingenious enough to overcome most obstacles. I believe that as long as we maintain dialogue with Congress, and our state and city legislators work together, we can overcome most problems and satisfy the needs of consumers.

Is it getting more difficult for business to operate because of actions by government—federal, state, local?

Business today is much more complex than in the past, and I expect it will be even more complex in the years ahead.

When you take into consideration the number of regulatory agencies that we have to deal with—financial, zoning, federal trade, safety, pension, and employment standards—you realize the massive problem management is confronted with just to understand, much less execute properly, the legal side of the business.

Are the new safety laws tough to live with?

In that we are basically retailers, the Occupational Safety and Health Administration doesn't affect us as much as manufacturing concerns. But we are cautious about our own safety requirements—such as fire drills, mechanical equipment, tiles in floors, and so forth.

Montgomery Ward has had an active role in the writing of consumer protection legislation which many other business firms have opposed. What's the story?

Aaron Montgomery Ward, the founder, was the author of the slogan, "Satisfaction guaranteed or your money back." In my entire business career, I have always thought of the customer as the boss.

If the customer has bought a defective product, or even thinks it is defective, then the fastest, most satisfactory adjustment we can make for the customer, the better for all concerned.

I've always felt that if the consumer is happy and we are doing our job properly, we won't have any problem with consumerism.

So when Congress began considering consumer protection legislation, we didn't consider ourselves adversaries. We joined in. We wanted the legislation to be an effective force for the consumer.

To oppose a legislative proposal for the sake of opposing puts you in a pretty dangerous position. The legislation will do more good than harm. Business hurts itself by continually, eternally being opposed to everything.

Now, I'm not saying that I jump on every legislative bandwagon that comes along. But I do believe we should stand up and be counted in the case of consumer legislation, no less than we should speak out against legislation we think will be harmful to our business.

What has been the result of your merger with Container Corp. five years ago?

It has strengthened the balance sheet of the combined companies and made it possible for both of us to grow at a much faster rate.

And now that Mobil has entered the picture, what's happening?

Our business has been strengthened still further as a result of the \$200 million equity put up by Mobil. They put four men on our board and invited three of us to go on their board. They have conducted themselves as an investor since the day

they came in, and they have been constructive.

What are the chances that Mobil will eventually take operating control of Marcor?

They now have financial control of the company, with 54 percent of the voting stock. They have indicated that they have no immediate plans to acquire more stock. Were they to buy all the stock, I would imagine they would still expect us to operate these two companies as divisions of Mobil, and their influence in all probability would be more in the financial than in the operating area.

What qualities do you look for in people you want to hire or move up the ladder?

Intelligence and integrity. And particularly because of the kind of business this is, people who are motivated. This is an action-oriented industry. Passive people don't succeed in retailing. It is a business of a multitude of details, not like manufacturing a product. We deal with 130,000 different products and 120,000 employees in 2,000 locations.

Looking ahead, do you see any changes coming in merchandising techniques?

The cost of new large stores has risen far above the rate of sales increases for the industry in recent years.

In addition, employee benefits in retailing have been substantially increased and now are competitive with other industries.

All of us in retailing leadership roles today must think in terms of improving productivity.

Self-service by mass merchandising will increase substantially. Packaging, product information, displays, signing, and merchandise presentation will make it easier for customers to self-select their purchases. In addition, the industry will be computerized in five to ten years.

Retailing efficiency will make greater progress in the next ten years than in any decade in history. END

REPRINTS of this article are available from *Nation's Business*. See page 66 for details.

How Texas Brings Jobs and Jobless Together

When Gov. Dolph Briscoe of Texas set out last spring to do something about unemployment, he did what Texans so frequently do to whip up enthusiasm—he invoked Texas pride.

The governor launched a Texas First campaign to bring people and jobs together. He made an appeal to the top 3,000 employers in the state, and he enlisted the help of scores of local chambers of commerce. Labor unions agreed to cooperate.

Billboards with the Texas First slogan began popping up all over. The campaign is promoted in newspapers and on radio and television.

The governor's message is repeated again and again: "We need to work together to identify and generate new, permanent, unsubsidized jobs in Texas."

Literature distributed around the state hammers home the theme that:

"We need to give Texans new skills and Texas business and industry new opportunities. Economic growth is what we need—especially now. So, make Texas first. Be number one. . . . Texas is, if you are."

Approximately 150 of the state's local chambers of commerce are sending representatives to talk with employers, from small retailers to major manufacturers, to see if they have jobs to fill.

All Texas Employment Commission offices now publicly display lists of job openings from all around the state. Heretofore, state job counselors sought only to match jobs and applicants in their areas. Houston, for example, has a shortage of skilled workers. If an unemployed welder, say, in Amarillo looks over the list, he may find a job opening in Houston.

In his letter to the 3,000 companies, Gov. Briscoe said:

"I feel strongly that economic expansion can be expedited by joining the forces of the private sector and



Job-seekers study one of the new, statewide help-wanted lists on display in Texas.

government in identifying expansion potentials, determining the barriers delaying or prohibiting expansion, and then jointly developing solutions to the removal of these barriers."

If a company indicates it has expansion problems in which the state government may be involved, one or more state agencies move into the picture. They are under orders from the governor to act swiftly if jobs are at stake.

More than a hundred training programs are being devised to prepare untrained workers for skilled jobs. State agencies are finding housing for workers who have to move to new employment sites. The Texas Industrial Commission is helping identify markets for firms planning branch outlets.

"The response by businessmen has been tremendous," says Reagan V. Brown, special assistant to the governor and chairman of the job creation drive. "We have received hundreds of letters, and many contain the same message: Thank you for being interested in business and the private enterprise system."

Employers have already pledged to hire more than 4,000 people for new

jobs, and they have indicated such hirings may eventually total 18,000. State officials estimate that 18,000 jobs will add more than \$1 billion annually to the Texas economy.

Gov. Briscoe sought the local chambers' cooperation because, he said, "They, more than any other organization, feel the pulse of the community."

More than 1,300 of the job pledges are a direct result of the chambers' participation.

"We believed all along, and it's now proven, that there were jobs out there, but no concerted effort was in effect to match the people with the jobs," says James H. Harwell, executive director of the Texas Industrial Commission.

The job drive has been conducted at minimal cost to the state. Some funds are provided by the Federal Comprehensive Employment Training Act.

Reagan Brown, a sociologist on leave from Texas A&M, says:

"I'm tired of hearing that the Dow Jones is down and unemployment is up. What we need is to get people jobs. And that's what we're doing." •

continued on next page

Fasteners: Holding the Economy Together

Nuts and bolts, typically, are small—but they add up to no small item in the American economy.

The U.S. fastener industry, which supplies manufacturers with more than 200 billion nuts, bolts, screws, and rivets annually, has a yearly volume of \$2.7 billion.

"Without nuts, bolts, and other mechanical fasteners, our world would literally fall apart," says Martin J. Warren, president of the Fastener Group of Trans Union Corp., Lincolnshire, Ill. Mr. Warren's organization distributes more than 30,000 kinds of mechanical fasteners in the United States and Canada.

A shortage of fasteners could slow America's economic growth, Mr. Warren adds.

Currently, there are predictions of shortages in the fastener industry as the economy picks up steam.

Fasteners come in all shapes and sizes, from the three-foot-long stud bolts for making bridges to some so tiny you could put 500 on the face of a dime. A million miniature screws used in watches, tape recorders, and computers weigh only a pound.

With his invention of a steam engine several years before the American Revolution, James Watt ushered in the Industrial Revolution. Fasteners were vital to both revolutions.

Screws and pins held American muskets together in the Revolutionary War. Many of the great innovations of the Industrial Revolution were simply existing machines or parts fastened together in better ways.

An era began when a young inventor won an audience with the Secretary of War. He arranged several

piles of musket parts on the Secretary's desk. Each pile contained ten identical pieces. As government officials watched in astonishment, the inventor chose parts at random from each pile and assembled a complete working musket.

The man was Eli Whitney, and his remarkable feat—producing interchangeable parts—began the American system of mass manufacturing. The whole system has been held together ever since by mechanical fasteners.

In 1840, Micah Rugg and Martin Barnes established in Connecticut the first nuts-and-bolts factory, and their six employees turned out 500 carriage bolts a day.

Today, 600 U.S. plants employing 67,000 people produce more fasteners in one minute than Messrs. Rugg and Barnes could turn out in seven years. •

Launching a Company When You're Aged Six

As far as the Bank of America is concerned, a loan is a loan, and that includes doing business with a group of first graders.

When Mrs. Charlene Echeverri, first grade teacher at the Woodridge

School in North Sacramento, Calif., decided to expose her young charges to the intricate world of business, she figured there was no substitute for practical experience. She let them pick a business. It turned out to be making and selling popcorn.

The 25 young businessmen and businesswomen, after much discussion, agreed they could launch the popcorn enterprise with a \$5 capital base. They picked a spokesman, six-year-old John Carberry, and he led a delegation to a nearby Bank of America branch to negotiate a loan.

Loan Officer Henry Hernandez explained interest rates and the responsibility of repayment. John was prepared with an outline of the business as well as projections of sales and expenses. He left with a \$5 bill.

Back in the classroom, the students put together a table of organization, designating bookkeepers, sellers, cleanup crews, popcorn makers, and the like. Then posters were prepared, ads for the school paper written, and grocery store prices checked, and a profit and loss sheet was set up.

"Nothing was given to the children," Mrs. Echeverri says. "They used my corn popper but they had to pay rent for it—a penny a day."

One of the first lessons learned was that profits don't come easily. On their first trip to the store for supplies, the youngsters spent all but \$1.11 of their capital.

And they registered only 65 cents in sales the first day.

They went into a huddle and decided to put on a big selling drive. They rented three more corn poppers and sales multiplied by six. At the end of two weeks, they had made a profit of almost \$3, had paid back the bank, and had dissolved the business—a success. They donated their profit to the school.

School Principal Richard Halley says the youngsters strengthened their skills in writing, arithmetic, and reasoning power while heightening their awareness of the community about them.

For Mrs. Echeverri's part, she's happy they chose popcorn and not popsicles for their first venture into the world of business. •



Running a business can be fun, these children found. They're getting words of wisdom from the Bank of America's Henry Hernandez, who approved a loan to them.

A BICENTENNIAL SALUTE TO AMERICAN CITIES:

BIRMINGHAM



Overcoming Adversity With Vision

BIRMINGHAM is a city built on adversity and immense quantities of iron ore, coal and limestone.

It was not situated where it was supposed to be, and, except for the theatrics of one of its early developers, Alabama's largest city today would probably be called Elyton, not Birmingham.

From its beginnings, Birmingham

has been kept on course by men of vision and confidence. Such men have nurtured it through periods of plague, financial panic, and racial upheaval.

Where it was once one of America's dirtiest cities, it is now one of the cleanest. A one-industry town for so many of its years, Birmingham no longer has its fortunes tied solely to the ebb and flow of iron and steel. In-



Birmingham is proud of many improvements in its living and working environment. The city spent \$5 million to transform its downtown shopping hub into a flowering, tree-shaded open mall. Birmingham Green is the winner of two national awards for attractiveness.



The First National Bank Building towers in the background as work progresses on a coliseum that will be part of the 23-acre, downtown Birmingham-Jefferson Civic Center.

Hippocrates stands as a symbol of medical knowledge at the entrance to the Lister Hill Library, which is part of the vast Medical Center of the University of Alabama in Birmingham. The medical complex has achieved national prominence for its work in research and training.



dustrial diversification is the keystone of the new Birmingham, as it marches forward in its second century. Racial eruptions of the 1960's have been replaced by cooperation between blacks and whites in the 1970's.

Unlike cities whose creations were an accident of history, Birmingham was born on purpose.

That strange red rock

Indian braves who roamed that part of Alabama used the strange red rock which abounded in the green valleys and hills for war paint, and their squaws found it an excellent source of dye. White men who followed were impressed with the red rock for another reason—it was iron ore. And then they found limestone, used in extracting iron, and coal.

A state geologist in 1858 proclaimed the area rich in minerals, and iron was produced there for the Confederacy during the Civil War. It was not long before the railroads started laying tracks in the direction of north central Alabama.

Two railroads agreed to build a city at the point where their lines would cross. But one railroad failed to proceed on schedule, and the plan for a new city at the juncture point was scrapped.

Land speculators, however, were ready when the other line reached the area. They formed the Elyton Land Co., picked a site near the hamlet of Elyton, eight miles southeast of the earlier site, and bought 4,457 acres at \$25 an acre. Then they used the railroad as a baseline to lay out a new community.

A year later, on Jan. 27, 1871, a charter for a new city was issued, and Birmingham was born. Prophetically, the first building, aside from a railroad camp, was a blacksmith shop.

Early city planners

Col. James R. Powell, a dashing figure of a man, was elected president of the land company. He was a huckster of the first water. Taking the auctioneer's block, he sold for \$100 the first parcel of land, a lot at the corner of First Avenue North and 19th Street.

The colonel and his cohorts knew a city would emerge. The entire 4,457 acres were marked off in squares

whose symmetrical patterns remain as a grid of streets in central Birmingham today. The Elyton Land Co. investors were city planners before the phrase was invented. They immediately set aside and donated land for churches of various faiths. A manufacturer of brick was invited to settle with the pledge that his entire output would be bought for the city's buildings.

One year after its birth, Birmingham had 125 houses, a 37-room hotel, 52 stores, two lumber mills, two gristmills, a newspaper, an extensive livery stable, two bakeries, five board- inghouses and two restaurants.

In May, 1873, a referendum was ordered in Jefferson County to determine whether the courthouse should be moved from Elyton to the burgeoning new community. Col. Powell, who had given Birmingham its name after a visit to the iron-center city of that name in England, was convinced that the town which got the courthouse would ultimately emerge as the leader. He went to work.

Political stratagem

The state legislature of that post-Civil War reconstruction era permitted balloting in any voting precinct, regardless of residence. Blacks made up a large part of the population, and they were allowed to vote. Col. Powell set up a large barbecue spread near the Birmingham railroad station, on the site of the proposed new courthouse, and invited all blacks.

A chronicler of the time noted:

"Col. Powell, mounted on old man Dobbins's calico pony, with a drawn sword in his hand, was at the depot to marshal his forces and march them to the grounds, where long tables improvised for the occasion were now groaning beneath the load of savory meats just from the smoking pits."

Then, as the hungry voters were about to assault the groaning tables, "someone caused it be whispered among them that the tall, dignified gentleman on the calico pony was Gen. Grant, and forthwith every mother's son of them was prepared to exercise the prerogative of a free American citizen by voting for Birmingham as Gen. Grant wanted them to do."

The courthouse was moved. Today,

Elyton is a neighborhood in Birmingham.

Fortunes were made and lost overnight by investors in Elyton Land Co. property. It was not unusual to plunk down \$1,000 for a piece of land and turn around and sell it for \$3,000. Or to invest \$5,000 and lose it all a week later.

Cholera strikes

In the summer of 1873, Birmingham was almost wiped out in its infancy. A cholera epidemic killed 128 people and most survivors fled in terror.

About that same time, there was a panic in Wall Street, and young Birmingham's hopes of developing industry were dashed. But the streak of confidence which has always run deep in the city pulled Birmingham through. That winter, banker Charles Linn staged a New Year's Eve ball at his new First National Bank building. The people came, dressed in their finest gowns and suits. It helped lift the mood of depression and uncertainty.

A few months later, Col. Powell, now mayor, invited the New York Press Association to hold a joint meeting with the Alabama Press Association in Birmingham. No matter that the little town's streets were a sea of mud, and the comforts of man were few. Mayor Powell's glib tongue sent the New York reporters back with glowing accounts of developments in Birmingham.

The cholera epidemic and other setbacks, however, had brought the Elyton Land Co. to the brink of bankruptcy.

Really missing the boat

One creditor, William H. Woodward, pressed the developers for payment of an \$18,000 debt. He was offered 80 cents on the dollar, enough land to pay the debt in full, or some of the company's stock at \$50 a share. Mr. Woodward refused all three. If he had taken the stock he could have sold it ten years later at a \$1,750,000 profit. He was one of the few local men who did not have faith in the future of Birmingham.

By 1878, five years after the epidemic, the city's population had dropped from 4,000 to 1,200. Those

who stayed staked an uncertain future on the mineral riches which lay virtually untapped beneath their feet. Crude attempts at making iron were barely successful. Birmingham became the laughingstock of the iron world.

But the small iron makers who had invaded Birmingham held on. They experimented with making pig iron with coke instead of the charcoal they had been using until then. The experiment was a success. The iron makers needed high-grade coking coal and found it nearby. Pratt Coal & Coke Co. was founded. Elyton Land Co. donated land for an iron-making furnace. The iron boom was on.

The first of Birmingham's rolling mills opened in 1880. Foundries and machine shops followed. Land profits again soared. An original \$100 share of Elyton Land Co. stock was now worth \$6,400.

By 1890, there were 25 blast furnaces in Birmingham, now bustling with 26,178 inhabitants. Six railroads

converged on the city. Alabama ranked as the nation's fourth state in iron and steel production, largely because of Birmingham.

Birmingham bounded back again from a real estate market collapse in 1887, only to be hit by the panic which swept the country in 1893.

The Elyton Land Co. once more fell on hard times. It couldn't meet interest payments on huge debts. Finally, in 1899, the courts ordered it sold, and a new firm, the Birmingham Realty Co., took its place.

J.P. Morgan's contribution

Birmingham continued to weather the economic ups and downs, but a financial panic that engulfed the country in 1907 almost sounded the city's death knell. However, U.S. Steel Corp. moved in and bought the Tennessee Coal, Iron, and Railroad Co., an important employer which was about to go under.

Four years later, things were at the crisis stage again. If U.S. Steel didn't

decide to put money into expanding or developing its Birmingham venture, the operation would be shut down.

There then occurred a meeting in New York City that was accepted as the meeting that made Birmingham.

The New York Chamber of Commerce was staging its 143rd annual banquet. Gov. Emmet O'Neal of Alabama was the principal speaker. It was a fancy affair. Thomas Edison was there. So was Andrew Carnegie. More importantly, J. Pierpont Morgan, Sr., the most powerful man in the history of American finance, was seated next to Gov. O'Neal.

Shortly before he was to step up to the podium, the governor appeared jittery. J.P. Morgan leaned over and advised Mr. O'Neal not to drink the table wine being served. At the financier's feet was a silver bucket. He selected a bottle and told his dinner companion:

"Here is a 12th century wine which I believe you will prefer."

Whether the wine was really of that rare a vintage was not ascertained, but it performed wonders for the governor. He spoke eloquently of his state in general and Birmingham in particular as a place for eastern money to be invested. Later, Mr. Morgan told Mr. O'Neal:

"Governor, you have set your state ahead by 25 years. We're going ahead with our improvements in Birmingham."

When Mr. Morgan spoke for U.S. Steel, it was usually the final word. The company expanded in Birmingham. It is still doing so today. Three huge new furnaces, meeting every environmental standard, are built or being built to take the place of all existing U.S. Steel open hearth and blast furnaces in Birmingham.

Growth in health

Today, Birmingham's most treasured landmark, a gigantic statue of Vulcan, mythical god of metalworking, looks out from its lofty perch atop Red Mountain on a city in the throes of change.

The smokestacks of industry still reach up from the valley, but health care and education are the new adrenalin of growth. Although U.S. Steel is Birmingham's No. 1 employer, No. 2

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ALABAMA GAS CORPORATION

Birmingham, Alabama. Serving Central Alabama.

is the University of Alabama and its Medical Center spread over 270 acres of former slum property near the downtown business district.

The university has a \$67 million annual payroll providing jobs for 6,700 men and women, and it generates an additional 13,000 jobs throughout Jefferson County. Half of the university's work force is at the Medical Center.

A third of the university's students are being trained in health fields. About 175 new physicians will graduate next year.

The Medical Center, a huge complex of treatment as well as training facilities, boasts the nation's only hospital devoted entirely to diabetic research and treatment.

There are hospitals for children, for people with eye diseases, and for the crippled, and there is a special center for developmental and learning disorders. Vast cancer research is in progress. Some 1,200 open-heart surgeries were performed last year.

The Medical Center offers a vital service to doctors around the state, notably in rural areas. Night or day, doctors call in with problems and consult with specialists in practically every medical field. More than 100,000 such calls have been registered over the past five years.

Ten thousand students are enrolled at the university today—double the number only a half-dozen years ago.

Dr. Jerry D. Young, the university's vice president for finance, says: "We've been able to attract an outstanding faculty because of the dedication of this institution to excellence, even while it has been experiencing tremendous growth. We've always poured money into people first and buildings last."

How businessmen acted

The university's growth came concomitantly with the city's industrial diversification.

While iron and steel remain symbols of economic might in Birmingham, automation has reduced the need for workers in the industry. U.S. Steel alone, although continuing to expand production, has cut its work force from 25,000 to 12,000. Other jobs have been lost as red ore mining has dropped off in the area. Steel-

makers have stepped up importation of ore from South America, keeping local supplies in reserve for later use.

Employment generally, however, has been increasing in Birmingham, and diversification helped preserve jobs during the recession.

In 1970, a group of businessmen, working with the Birmingham Area Chamber of Commerce, formed the Metropolitan Development Board and raised \$1 million for a drive to lure business to the area. Since then, more than 180 firms have settled in Birmingham, many attracted by the mushrooming of health care, some by needs of the steel industry. Also, expansion of wholesale distribution and warehousing is adding significantly to the economy.

Racial turmoil—and change

Thomas E. Bradford, Sr., first president of the development board and a retired businessman, says: "We set out to bring jobs and dollars to the area and we are succeeding."

Birmingham has had image problems to overcome.

In 1963, the Rev. Martin Luther King, Jr., led a massive drive for integration in Birmingham. There was anti-integration violence. Police Commissioner Eugene (Bull) Connor pledged to "fill the jail with integrationists." He did.

To many an outsider, Birmingham became Commissioner Connor, fire hoses and dogs turned on civil rights demonstrators, and racial conflagration. The image has been difficult to dispel.

On the other hand, the "long, hot summer" of 1963 served to turn Birmingham around. Mr. Bradford explains:

"It brought things to a head. They might have seethed for years. Our racial problems got Birmingham united."

S. Vincent Townsend, Sr., vice president and assistant to the publisher of the city's afternoon newspaper, The Birmingham News,



*"For I dipt into the future as far as human eye could see.
Saw the vision of the world and the wonder that would be..."*

Tennyson

Great cities began as dreams predicated on man's faith and hard work.

We at Harbert are dedicated to these ideals in projects throughout America and the world.

As a member of the corporate community of Birmingham we are proud of the growth and future promise of this great city.



Harbert Corporation
Birmingham, Alabama



Attorney Arthur Shores, the city's first black councilman, has played a leading role in bringing racial harmony to Birmingham. His legal work broke the color bar in University of Alabama student admissions.



"We are not looking for, and don't want, a boom type of growth," says Banker Robert H. Woodrow, Jr. "We want steady, stable development of all our resources."



Birmingham has taken on a new look under the administration of Mayor George G. Seibels, Jr. He helped build a new airport, upgrade the police department, and put through numerous public works improvements.

BIRMINGHAM: Making Marked Progress in Race Relations *continued*

agrees: "We have had a change of attitudes at all levels. It's unbelievable."

Mr. Townsend played a leading role in the 1963 formation of Operation New Birmingham, a group of 27 men and women—nine from business, nine from the black community, and nine from the city and county governments—determined to stem the tide of racial confrontation and to launch a vigorous effort to improve the lot of the city's large black population.

They set out to get blacks housing, jobs, and improved education. Police methods were subjected to intense public scrutiny. The police force was integrated.

Blacks in office

Birmingham "made a lot of progress but we also spent a lot of time defending ourselves, time we could have used to accomplish more pro-

gressive, meaningful things," says The News' Managing Editor John W. Bloomer.

From the standpoint of the blacks, a significant turning point occurred in 1968 when Mayor George G. Seibels, Jr., picked Arthur Shores to fill an unexpired term on the City Council. Mr. Shores is a black attorney who achieved national prominence in 1956 when he won Autherine Lucy admission to the University of Alabama in Tuscaloosa. She was the school's first black student.

Mr. Shores, whose home was bombed twice during racial flareups, has since been elected and reelected to the City Council. In one runoff election against five white candidates, he led the field, outpolling some of the white candidates even in their own predominantly white neighborhoods.

Today, blacks are represented on practically every local political body.

Two of the five members of the Board of Education are black, and one of the blacks is chairman. Sitting with Mr. Shores on the City Council is another black, Dr. Richard Arrington, Jr., executive director of the Alabama Center for Higher Education, which was set up by eight predominantly black colleges.

Black-white cooperation is perhaps nowhere better exemplified than among the 14 white and seven black members of the Jefferson County delegation to the Alabama House of Representatives. They elected as their chairman black Rep. Chris McNair, father of one of four little girls killed in a notorious Birmingham church bombing in 1963.

Trying harder

"Birmingham has tried harder than some other cities," Dr. Arrington says. "We have a way to go, because unemployment among blacks

is still from four to seven percent higher than among whites. But in efforts to improve community relations, we stand out. Communication is good. We spend a lot of time identifying problems."

He concedes it will take years to change racial attitudes, and he cites this as a major cause of a continuing migration of whites to the suburbs.

"We are constantly seeking to stabilize the population," Dr. Arrington says. "We are trying to make the schools attractive. I'm not opposed to school busing, but I don't think it's good for Birmingham. I would give more priority to government structures. In other words, upgrade the schools and give more representation to the blacks, from superintendents and principals on down."

There has been virtually no busing for racial balance in Birmingham. The ratio of blacks to whites is approaching 50-50 in the city population of approximately 295,000. Population of the metropolitan area is more than 780,000.

Birmingham leaders wonder why the image going back to 1963 persists, considering the magnitude of the progress since then.

"I wish the national press would come back and look at us now," says David Hamilton, president of the Birmingham Area Chamber of Commerce. "Birmingham is a sleeping giant that is being roused."

Giving a city vitality

Mr. Hamilton, who is also president of the Hamilton & Shackelford, Inc., insurance agency, would prefer to talk about the city's present than its past. He would rather talk about the gleaming new airport and its \$40 million aviation complex. Or the \$50 million Birmingham-Jefferson Civic Center which is enhancing the cultural richness of the city.

"But Birmingham can be most proud of its people," he says. "The people give Birmingham its vitality. When things need to be done, it is people who do it."

One of Birmingham's most colorful and successful businessmen is globe-trotting John M. Harbert, III, president of Harbert Corp., a construction firm which he started with

\$5,000 won in a dice game on a troopship bringing him home from World War II fighting in Europe. The company's volume last year totaled \$81 million.

"Birmingham has more aggressive leadership and more opportunity than any place I know," he declares.

Mr. Harbert's firm has done construction work in Latin America and

Africa, and it has now moved into the Middle East. Mr. Harbert recently signed a \$52 million contract with oil-rich Abu Dhabi to build a water distribution system for that Persian Gulf emirate.

Like Col. James Powell, John Harbert has a keen sense of public relations.

When he won a multimillion-dollar

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Water for navigation routes to move materials and products. Water for industrial use. Water for our citizens to play on and enjoy.

Alabama has more than 1,000 miles of navigable channels. That's good for business. And with construction now on schedule for completing the Tennessee-Tombigbee Waterway by 1981, mid-America will soon be connected with Alabama's Port of Mobile—a gateway to the world.

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BIRMINGHAM: A City With Pride in Itself *continued*

contract to build a superhighway into downtown Birmingham, it placed him in direct confrontation with residents of two apartment buildings, mostly women.

There were hints of lawsuits to prevent the noise and traffic inconvenience. Mr. Harbert invited the apartment dwellers to cocktail parties, explained every phase of construction to them, and put up bleachers from which they could watch hard hats build the road. The highway went through without a hitch.

Not seeking a boom

Robert Henry Woodrow, Jr., president and chairman of Alabama's largest bank, Birmingham's First National, is encouraged by what is now happening on his city's economic scene.

"We're on the soundest ground we've ever been on," he says. "Much of it we owe to the Medical Center, which has broadened our economic base. We are not looking for, and

don't want, a boom type of growth. We want steady, stable development of all our resources."

Mr. Woodrow harks back to that 1963 image.

"When we recruit people from the college campus to work in our bank, it's a problem to get them to come to Birmingham just to look us over," he explains. "It's the same at the Medical Center. The preconceived picture is there. But I don't know of anyone who has come in to look and has turned us down as a place to live and work."

Birmingham prides itself on being an ideal place to live and work.

\$100 million cleanup

This city, where a federal court order shut down industry in 1971 during an air pollution crisis, created environmental improvement awards to honor firms which curbed pollutants. Curb pollutants, they did. Some smokestacks which had spewed forth as much as 38,000 pounds of



Retired businessman Thomas Bradford led a drive in 1970 to raise a million dollars to promote Birmingham. Since then, more than 180 new firms have moved into the city.

particulate matter an hour now put out only 19 pounds.

In all, industry in Birmingham spent more than \$100 million to clean up the air.

For the culture lover, there is much to offer. The city has one of the South's finest art museums, containing part of the world-famous Kress collection and an unmatched collection of Wedgwood china. The Festival of Arts held each spring is the world's oldest continuing event of its kind. Opera and theater are popular and there is a 70-member professional symphony.

South Central Bell Telephone Co. has said it established its headquarters in Birmingham because the city cuts grass and not trees. A city showplace is Birmingham Green, a vista of trees, flowers, and shrubbery lining 20th Street, the downtown shopping area.

Offices in the woods

An eight-minute drive from downtown is Office Park, a 75-acre woodland complex of office buildings. Among its 100 or so tenants are names like Du Pont, General Electric, Republic Steel, and Alcoa.

When private developers Ervin Jackson and the late N.H. Waters unveiled plans for the office community, one of their competitors put an ad in the local newspapers asking: "Who wants to go and listen to the owls?" Many companies did,



VULCAN SALUTES BIRMINGHAM, A BICENTENNIAL CITY

Vulcan has made its home in Birmingham, where it has been a member of the business community for 65 years. It is one of the nation's

foremost producers of construction aggregates, secondary aluminum and detinned steel scrap. It also is a leading chemicals manufacturer, producing a diversified line of chlorinated hydrocarbons, tin chemicals and other industrial and agricultural chemicals.

While Birmingham is its corporate headquarters city, it never-the-less operates nationwide. It operates more than 130 plants and facilities located in 20 states, extending from California in the West, New Jersey in the East, and from

Wisconsin in the North to Florida in the South. For the past three years, Vulcan has enjoyed record growth and earnings. The company expects to continue to grow and prosper even more in the years ahead.

Vulcan Materials Company

Birmingham, Alabama 35209

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TO GET THE OTHER...USUALLY.**



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Don't let anybody tell you that you can't have your cake and eat it too.

BIRMINGHAM.

A better way to make a profit.

For the full story, contact the Metropolitan Development Board,
P.O. Box 11004, Birmingham, Alabama 35202.



David Hamilton (left), president of the Birmingham Area Chamber of Commerce, and Don A. Newton, executive vice president. The chamber has been at the forefront of efforts to bridge the gap between blacks and whites in the community.



John M. Harbert, III, whose construction firm's operations span four continents, says that "Birmingham has more aggressive leadership and more opportunity than any place I know."

BIRMINGHAM: A New Climate Attracts Business *continued*

and similar office parks now are springing up around the country.

Because of its location adjacent to the exclusive Mountain Brook residential community, stringent zoning laws are in effect at Mr. Jackson's development. Buildings are held to two stories in height, and no signs are permitted on buildings. Business inventories are taboo. A branch bank was forced to get a zoning variance, since coin and currency are considered inventory.

Nearby is another part of the changing face of Birmingham—posh Brookwood Village, whose 90 stores cater to Birmingham's most affluent suburbs. This \$20 million shopping center, developed by Shepherd Realty Co., Inc., is the only one of its kind that has been able to lure Rich's out of the Atlanta area. In its first year at Brookwood, the department store's sales exceeded projections by 30 percent.

Few people have had a longer view of Birmingham in evolution than Sidney W. Smyer, Sr., 78, retired chairman of the Birmingham Realty Co., successor to the old Elyton Land Co. Mr. Smyer, who joined the firm in 1930, took a lot of abuse during the racial nastiness in the early 1960's.

Good citizens took charge

As president of the Chamber of Commerce, he fought to restore racial peace and resolve black grievances. He became a prime target of the Ku Klux Klan. Bricks were hurled through windows of his home and office. He was awakened at night by obscene, threatening phone calls.

"Fortunately, good citizens were in the majority, and they took charge," he remembers. "I think all this—bad as it was—has made us a better community. It has provided us with a new climate. Now, busi-

ness, especially big business, is willing to establish here. Our blacks and whites have learned to live together."

Arthur D. Shores, the black city councilman, would agree with that. Still practicing law at 71, he says he saw these changes coming 40 years ago. As a youth, he couldn't get into an Alabama law school, so he went to the University of Kansas. To the man whose legal work brought integration to the University of Alabama, the changes must seem indeed profound.

Last spring, he was summoned to the same university and told the board of trustees had just voted unanimously to award him an honorary degree. Further, he was told to pick his degree.

In June, Arthur Shores took his place on a University of Alabama graduation stage and accepted with pride and long memories an honorary degree of humanities. **END**

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Travel Stamps: A New Welfare Program Is on the Way

West Virginia, where the food stamp was born, is experimenting with another benefit for the needy. The idea is beginning to spread

AT A TIME when the federal food stamp program is increasingly under fire because of its runaway costs and abuses by some recipients, the state of West Virginia and the federal government are conducting another welfare experiment involving stamps—travel stamps.

Each month, West Virginia welfare recipients who are over 60 or have physical or mental handicaps can pay from \$1 to \$5, depending on the amount of their income, and receive \$8 worth of tickets to use on local buses, highway buses, or taxis. Eventually, the program is expected to be extended to Amtrak rail service.

Guilt by association?

Administrators in the West Virginia Department of Welfare frown on use of the term travel stamps in connection with the program, because they don't want it associated with the food stamp program. The two programs, however, are markedly similar. Both are designed to help the poor pay for their needs. Both originated in West Virginia. And some of the people who ushered in

food stamps 15 years ago are now working in the travel program, which began in June, 1974.

West Virginia calls the program TRIP—Transportation Remuneration Incentive Program.

Some 125,000 West Virginians are eligible for TRIP assistance, but only 6,000 now buy the tickets. One reason applicants have been slow in coming forward, says Welfare Commissioner Thomas R. Tinder, is "the pride of the hills—mountaineer independence. At first, people just did not want to identify with welfare."

Another reason is that 23 of West Virginia's 55 counties have no bus service and only a few taxis. Public transportation elsewhere in the state generally has been diminishing.

Commissioner Tinder administers the program with federal, state, and local funds. Total costs of the developmental stage, which will extend through fiscal 1977, are estimated at \$21.8 million.

The program's beginning can be traced to a speech in 1971 by Dr. Eldon B. Tucker, chairman of a state medical association committee on

aging. He asked: If food stamps can provide a simple solution to needy older people's problems in obtaining food, why can't these people be given an equally simple mechanism for securing transportation?

As was the food stamp program a decade ago, the transportation program is being expanded. The West Virginia Welfare Department plans to do some of the transporting itself. It has ordered 232 small buses for use on narrow mountain roads over which big buses do not now operate. The small buses will be specially equipped for handicapped riders. If private transit operators later begin service in the areas involved, the Welfare Department is to exit.

Future plans

Further in the future, officials hope to get a fleet of quasi-ambulances to carry ailing welfare recipients to hospitals and clinics. Studies are also in progress to determine if postal vehicles are feasible as transporters of welfare passengers as well as mail. A stumbling block is that postmen usually drive long routes and there-

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By Ted Nicholas



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Mr. Nicholas has been to the White House to personally meet with the President of the United States after being selected as one of the outstanding businessmen in the Nation. *Lyndon B. Johnson 1964

fore could not pick up welfare recipients, carry them to shopping and medical facilities, and return them to their homes in a few hours. Postal cars do carry welfare recipients in several European countries, and those systems are being studied.

Also in the future are possible roles for other government transportation systems—school buses, perhaps—in TRIP.

To qualify for aid under the program, an applicant must be certified as needy through usual welfare channels. Welfare recipients with an income of less than \$237 monthly pay \$1 for an \$8 book of tickets, while recipients with \$464 or more pay \$5.

How tickets are used

After case studies determine the amount of the applicants' income and that they really are handicapped or over 60, they are asked how they intend using the tickets: for trips to purchase food, see a doctor, visit a hospital, buy medicine, go to church, pay bills, or make personal visits. All such trips are permissible.

Books of 32 tickets worth 25 cents

each are issued monthly. On the back of each ticket, the recipient must again state what the ticket will be used for. Every 14 months or sooner, a reexamination is made to determine if ticketholders are still needy enough to be eligible.

Increases business

The Kanawha Rapid Transit Authority, which serves the Charleston area, takes in 600 or more TRIP tickets a day, Assistant General Manager William Curry reports.

"We usually haul 22,000 passengers a day," Mr. Curry says, "so TRIP doesn't provide a major part of our business. But it does provide a growing part. We find TRIP a good program."

"It has increased our business slightly. It has done research, which we benefit from, on where potential riders are and want to go. Because of TRIP, some of the pressure is off KRT to expand into inaccessible areas, where we know we will lose a lot of money. And finally, TRIP pays us face value for the tickets without any delay."

Word of the program has filtered out of the West Virginia hills. Twenty states and one foreign country, Norway, sent observers to a symposium last December in Charleston. Several counties in other states have now installed small travel stamp programs on a trial basis.

Commissioner Tinder says he believes the program will be extended for a number of years or made permanent after the completion of its current stage. He considers the program highly successful and thinks the TRIP idea will be adopted widely outside West Virginia.

Mr. Tinder expects the cost per beneficiary in West Virginia to decline as startup expenses are spread over a longer period of time and as more people take advantage of the program.

Three recipients

If you talked to some of the beneficiaries of the program, you would have to be hardhearted, indeed, to reject its humanitarian appeal.

• Mrs. Opal Wright, 61, who lives in Clendenin, a small community 21 miles from Charleston, uses her tickets exclusively for weekly visits to her doctor or a hospital for treatment of a large hernia on her right side. She can walk only short distances. How would she travel without the tickets? "I would have to try to find a ride with a neighbor," she says.

• Lovell Lanham, 64, of Charleston, has a heart condition and uses his tickets for trips to get medical treatment and to buy food. He was a janitor for 40 years.

• Chester J. Bryant, 67, who lives near Charleston, suffers repeated hemorrhages and has high blood pressure. Most of his tickets go to pay cab fares when he must rush to hospitals. He laid tracks in coal mines for 40 years.

However, there is fear that the program can get out of hand the way the food stamp program is widely considered to have done.

Food stamps started off small, much like travel stamps. Today, there are millions of food stamp recipients, and the program costs American taxpayers billions of dollars annually.

END

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How Government Policies Affect Capital Investment

An expert look at what national and international economic decisions are doing to the flow of capital goods—and at what they will do

BY WILLIAM J. POWERS

If you were to assess the impact of current government economic policies on capital investment in various nations, you might easily be disposed to say that most policies are stimulative or headed in that direction.

As a generalization, that's close to the mark. However, a great deal more lies beneath the surface.

Although most industrial countries today have in common the problems of inflation, unemployment, and international payments deficits, there is a mind-boggling array of variables in government efforts to deal with these problems. Policy combinations are selected by each government on the basis of what it considers appropriate to its own economic and political environment.

Generally speaking, national economic stabilization policies affect the cost of capital equipment and funds available for investment, whether or not those policies are stimulative or restrictive. The effects may be direct, as in the case of the investment tax credit used in the United States. Or they may be indirect, as in the case of a restrictive economic policy lessening the need for additional productive capacity.

Monetary policies' effects

From the varied range of government activities, let's first take a look at the effects of monetary policies.

Particularly in continental Europe, monetary ease has been the mainstay of efforts to stimulate economies. Illustrative are the changes in the money supplies of France and West Germany. The money supply was growing at a seven percent annual rate in France during late 1973 and early 1974, while the West German

supply was not growing at all. Now, France has a 20 percent growth rate, and West Germany 15 percent.

Britain, Italy, Sweden, and Spain have also pursued expansionary policies, with the particular hope in Britain of stimulating capital goods investment. The other three countries also need to spur capital investment, but private consumption needs bolstering in these countries as well.

For a time, monetary policy eased in the United States, too, causing interest rates to fall. This was a policy shift which resulted when inflation ebbed and the general economic slowdown pervaded all major industrial nations. Currently, the situation is reversing—monetary policy has become relatively neutral, and the inflation rate has begun creeping upward.

Slow-acting medicine

So far, government monetary activities are having no discernible positive effects on capital investment. Expansionary monetary policies are slow-acting medicine for capital investment. They aid it indirectly by increasing economic growth from which capital investment is derived.

Positive effects on capital goods investment in such industrial nations as the United States, West Germany, and France are expected to await 1976, when a general and accelerating upturn is likely to occur. The



Mr. Powers is corporate economist for Clark Equipment Co., Buchanan, Mich., a major manufacturer of capital goods.



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more complex mix of monetary and fiscal policies being introduced in Britain will, on balance, probably offer little incentive for improved fixed capital investment either this year or next.

What fiscal policies do

Fiscal policies exercised through tax regulations and public works projects have a more direct and earlier impact on expenditures for capital goods than do monetary actions.

The fiscal stance of nations with moderately stimulative, or nonrestrictive, monetary policies may be characterized as easy relative to capital goods investment. The United States, West Germany, France, and Japan have opted to increase the amount of public monies earmarked for investment and have added some tax incentives for private investment.

Even so, the net impact of the various fiscal policies in the major industrial nations may be termed only mildly stimulative at this time.

What about incomes policies?

In one form or another, attempts to regulate wages or prices have been or are being made by nearly a dozen industrial nations. The incomes policies of greatest significance to the capital investment outlook are in effect in Britain, where prices and profits are controlled.

Cash flow is the lifeblood of capital investment and any strictures on that flow, such as those that result from incomes policies, eventually translate into reduced investment.

Fortunately, it seems safe to assume that serious consideration of an active incomes policy is waning in major industrial countries, aside from Britain.

International trade changes

Multinational economic decisions have an effect on capital investment, too—usually an indirect one. Primarily, they influence the geographical pattern of investment, rather than its total volume.

Though trade negotiations among the major industrial countries will have a bearing on the outlook for the capital goods industries, it may be assumed at this point that the results will be relatively neutral among na-

tions participating in the negotiations.

Of greater importance to the future are the changes in currency relationships engendered by devaluations, revaluations, and floats.

These events are molding a new terms-of-trade matrix which, in the case of capital goods production, would strengthen the hands of the United States and Britain in world trade at the expense of such capital goods exporting giants as Japan, West Germany, and France.

A look at the export price indexes of manufactured products in these nations shows the extent to which each country has improved or lost competitive advantage in world trade in recent years:

- United States up 12 percent from mid-1969 nadir.
- Britain up eight percent from early 1972 nadir.
- Japan off 14 percent from early 1971 zenith.
- Germany off nine percent from early 1969 zenith.
- France off five percent from late 1971 zenith.

All in all, more growth

In addition to the trade implications, these currency fluctuations are forcing a rethinking of direct investment plans. The advantage of one country vis-a-vis another as a production source must be reexamined. The economics involved in any foreign capital investment plan have most likely shifted and must be viewed as fluid unless some stabilizing international monetary scheme is developed.

In conclusion, from this montage of policies it is not too difficult to predict that worldwide capital investment will continue to grow, but at a somewhat more subdued rate than might be hoped for.

The pivotal nations—West Germany in Europe, Japan in Asia, and the United States in the Western Hemisphere—face a mix of problems traditionally met with policies which run counter to each other if applied simultaneously.

Thus, the private sector in most, if not all, industrial nations must be prepared to plan capital investment strategy with an eye on a policy-induced supply and demand cycle.

"Economics for Young Americans"

Many companies are contributing to a wider understanding of American business by placing "Economics for Young Americans" in secondary schools. This kit, developed by the Chamber of Commerce of the United

States—working in cooperation with teachers—is designed to help students learn more about basic economics.

It contains filmstrips, tape recordings, scripts, special educator-written teacher guides, and ditto master sheets, plus other materials to help keep classes interesting as well as educational. The reactions to the kit have been most enthusiastic. It has been endorsed by state departments of education, ordered directly by schools, and received with great interest by teachers and students. Organizations which have placed "Economics for Young Americans" in school districts

of some 20 states report that they consider this a most rewarding project.

The project is a proven success, but for complete success these kits should be in every school in the United States. The only way this will be possible is through the help of organizations like yours. The National Chamber is asking businesses to cover states or districts where they have operations. Why not contact the Chamber's Marketing Center Manager in your area? He will be glad to give you more information, and assist you in distribution of "Economics for Young Americans."



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How to Be a Better Speaker

BY VINCENT VINCI

Here are some tips about the art of getting your message across to an audience

WHENEVER Cornelius Warmerdam, the former world pole-vaulting record-holder, missed a jump, he said he could trace it back to some mistake he had made in his approach or takeoff.

It is much the same with a speech or a sales presentation. An unprepared speaker will stand out like an unseasoned juggler.

A solid presentation is founded on three elements:

Preparation.

More preparation.

Still more preparation.

The flaws that show up during a presentation are the fault of a lack of preparation. Here is how you can avoid that pitfall.

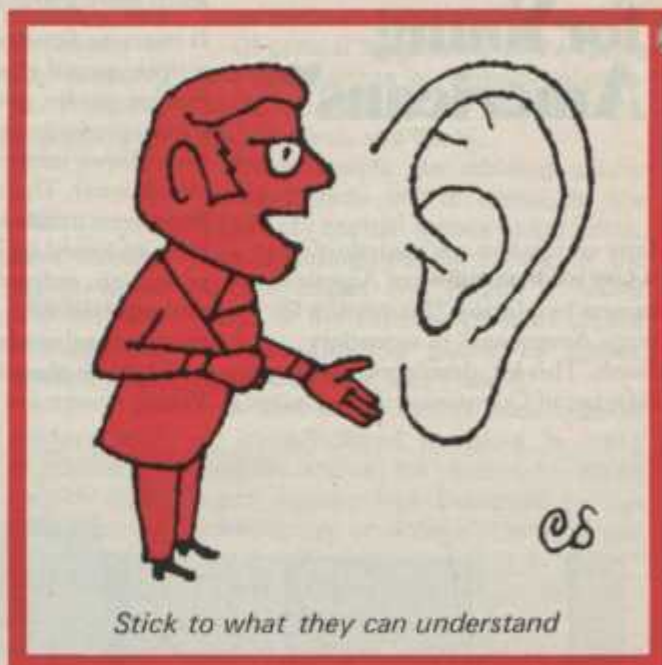
- **Beware of the short notice.** No doubt there are speakers who can fill in on short notice and give an excellent speech. Unfortunately, most of us are not professional speakers. And even many speakers renowned for giving extemporaneous talks actually spend much time in preparation.

Allow yourself plenty of time to get ready. If you are asked to give a talk on short notice, decline gracefully.

It is better to turn down an invitation to speak than to speak poorly. An ineffective speech leaves the audience with the impression that you didn't care enough to do your best or that you can't speak effectively.

- **Avoid presenting a paper.** Too often, a speech or presentation is a carbon copy of a technical or scientific paper. This is particularly true at conferences, symposia, and conventions. If you present a paper instead of a speech, you are doing the audience and yourself an injustice. A speech is written for the ear, while a paper is written for the eye.

Aristotle, in his "Rhetoric," distinguished between the language of writing and the language of speech. A



DRAWINGS: CHARLES A. DURN

speech is transitory. Therefore, you should unfold only the highlights of your research.

The background, tests, equations, and other detailed data should remain in the technical paper. With a paper, the reader—unlike the listener—can study and absorb every idea at his own pace. The listener, however, has only an instant to understand a thought before the speaker moves to the next phrase or idea.

Remember, as a speaker, you are carrying your purpose and words to others mainly through voice. Keep in mind, when you write your talk, that you must appeal to the auditory sense as the gateway to your listeners' minds.

- **Consider audience makeup.** Recently, an executive couldn't understand why a speech he made failed to elicit a favorable reaction from his audience. His topic was lively and up to date, but the audience seemed listless and uninterested.

After some questioning, it was clear that the executive knew very little about the composition of the group. He did not know the average age, or the occupations, convictions, loyalties, level of understanding, and interests of his audience.

What you say must be related to your audience's interests. For example, a discussion of the gross national product would probably have very little appeal to members of a ski club. Unless, of course, the speaker can show how the GNP will affect their everyday lives—and maybe even skiing.

A timely topic may automatically receive some attention, but you still must slant it in the direction of your listeners' areas of interest, desire, and understanding.

- **Get help.** "I've given presentations before, and I've written my own talks before, so why should I depart from my normal procedure?" Fine. You don't feel you need help in preparing your talk. However,

very often managers who are capable of researching, planning, and writing their material let time slip away.

Then they realize too late that only a short time remains before the engagement. What results, in most cases, is a poor talk. The weakness sometimes appears in the visual aids used by the speaker. Too often, a speaker rushes into the graphics department at the last moment and asks for a dozen visuals. Quality slides, charts, or film strips, like a well-prepared speech, are not created overnight.

Getting help from a speechwriter or an audiovisual expert does not indicate weakness, but strength. A good manager has an agency prepare advertising, industrial relations personnel write letters to employees, and designers develop packaging.

If you employ a writer, be sure you give him all the information you have about the speaking engagement so he can do the proper research. Also, give the writer your ideas about what you would like to say and how you would like to say it. The more he knows about your views, the closer the speech will reflect them.

- **Have only one objective.** Is the speaker for or against the proposition? What does he want us to do or believe?

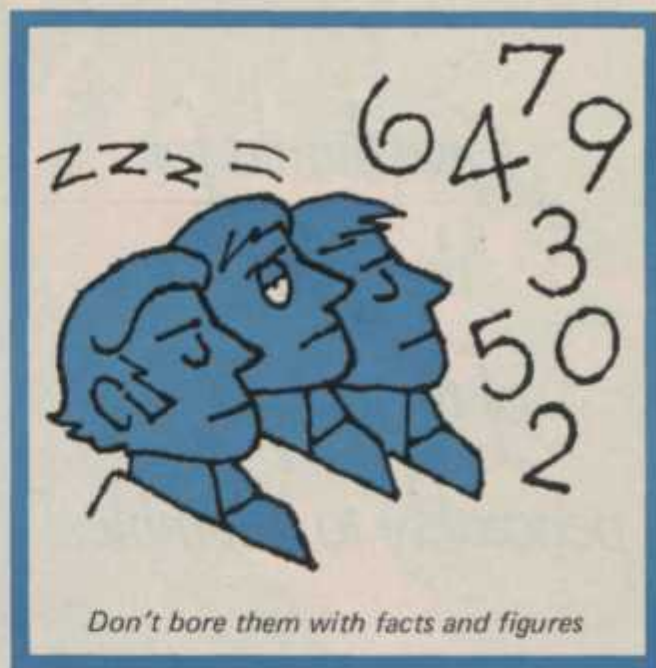
I am sure you have sat through a talk wondering what a speaker was leading to and never finding out. The speech suffered from poor organization, perhaps the result of having too many objectives.

This is the bane of novice speakers.

- To make a good speech, you must have a specific objective—a goal you can state in one sentence. For instance: To prove that the gold standard won't work in today's world economy.

This objective, and the way you phrase it, will help you focus your arguments and supporting data.

- **Keep it simple.** One of the best ways to lose an audience is to inundate it with facts and figures. Many



managers assume that is the way to show themselves as experts.

Don't believe it.

That approach proves only that the speaker is insensitive to his audience or doesn't care whether his speech sinks in.

You are already an expert in your field, otherwise you would not have been invited to speak. You needn't prove what your audience takes for granted.

Remember, the burden of communication is on you. It is up to you to be on the audience's wavelength, if you want your message to be received.

This means you must not talk over the heads of your listeners by using technical jargon, acronyms, or other unfamiliar terms. Analyze who your audience is, and begin at the audience's level of comprehension.

- **Use visuals judiciously.** A university professor, lecturing in a film series on rocketry, used 35 slides. Each contained the same information plotted in a different way. The message was the same, never varying from slide to slide. The result was an exhibition of chartmanship, but very little information was imparted to the audience.

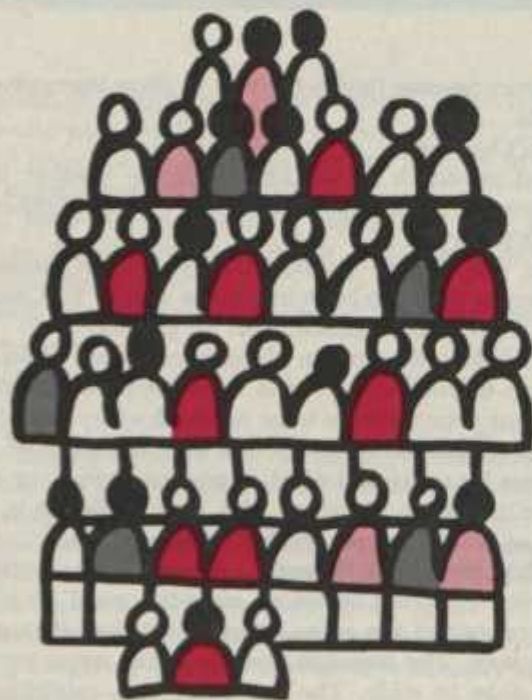
Visual aids should be used judiciously. They should not form an outline for you, but should augment, support, or clarify a point.

That means audience consideration comes first. Use visuals only if they help the audience understand. If not, visuals are unnecessary and a distraction.

- **Check it out.** The speaker who arrives at the meeting room at the last minute, and finds there is no lectern or microphone for him, may start off quite upset. Plan ahead. Get to a meeting early enough so there is time to check out the lectern and mike and any other equipment or props that are necessary to your talk. There is more than the lectern and audio system to check. For example, screen placement—if



*Give thanks for
"the right
of the people
peaceably to assemble..."*



*Pointers for Progress
Through Trade and
Professional Associations*

How to Be a Better Speaker *continued*

you occasionally want to look up and note whether you are on the right slide—projectors, remote cords, and reading light.

By arriving well ahead of time, you can better sense the mood of the audience, and perhaps you can pick up some timely information or local color which you can integrate into your speech. In addition, if there is another speaker preceding you who is an absolute dynamo or a bore, you can adjust your own delivery to obtain the best audience response.

Maybe you don't need another chicken dinner, but you owe it to the audience and yourself to be at your best.

That means leaving little to chance.

• **Don't be yourself.** Some speech experts say that the key to public speaking is to be yourself. This is followed by the advice to speak in a conversational manner, because speechmaking is very similar to conversing and you'll sound more sincere.

Don't fall for that advice.

First of all, public speaking is not like conversing. A conversation is a two-way affair; a speech or presentation is basically one-way communication. The audience comes to listen, not converse.

During a conversation, a participant can repeat, explain, and ask questions. This does not happen during a speech.

Secondly, when making an address, you are the whole show. Therefore, you should be more animated than when simply conversing. Perhaps the proper advice is: Be yourself—and a little bit more.

• **Be humorous—but apropos.** Everybody enjoys a humorous story in a speech. Right?

Right and wrong.

Many speakers succumb to the temptation to tell the latest story they've heard. They tell themselves this establishes a rapport with their audience. Well, humor does establish rapport, if it makes a point and is relevant to your topic. Otherwise, your listeners' minds will wander as the audience tries to establish a connection between your joke and your talk.

A story that interrupts the audience's train of thought does not build rapport and should be avoided.

• **Rehearse, rehearse.** An East Coast company has a "murder board" composed of knowledgeable and experienced managers who listen to—and tear apart, constructively—presentations fellow managers will make to outside groups. Indirectly, the board provides another service—forcing the speaker to rehearse.

Even if you have given the same talk very recently, it pays to rehearse before you deliver it again. Rehearsing once isn't enough. You need to rehearse and rehearse.

The secret of success in speaking, as well as in life, is preparation. END

MR. VINCI is director of public relations, Lockheed Electronics Co., Inc., Plainfield, N.J. The company is subsidiary of Lockheed Aircraft Corp. Reprints of this article are available from Nation's Business. See page 66 for details.



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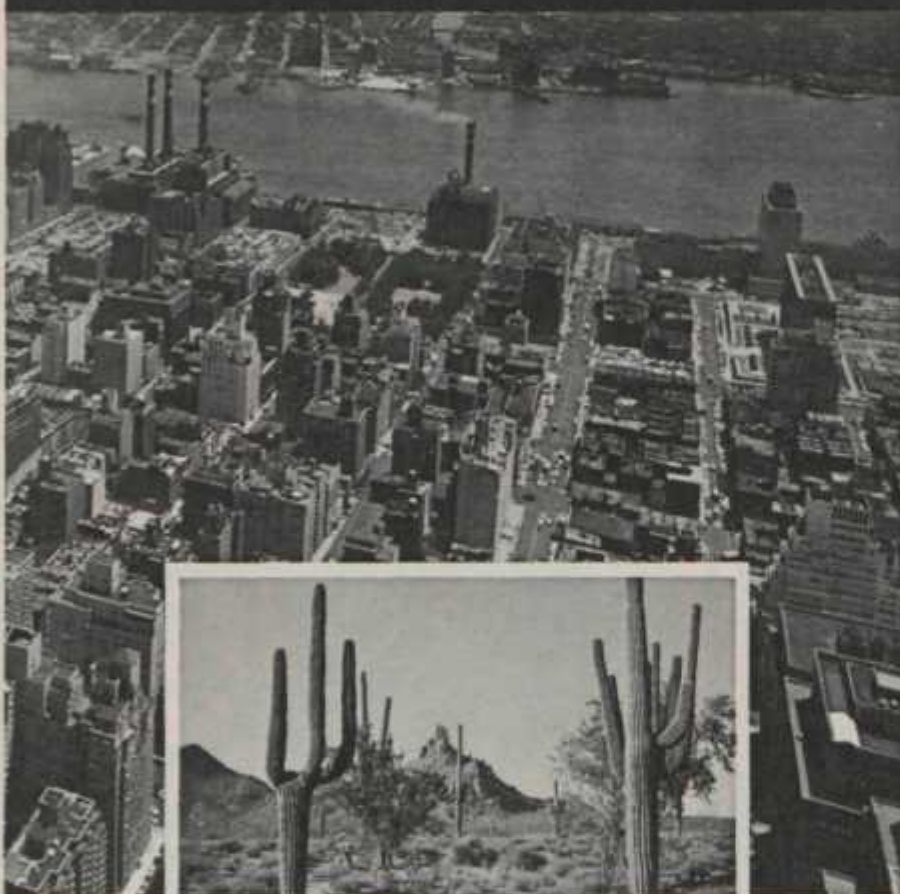
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Ask for a few minutes with a Phoenix area businessman from your industry. He's got the picture from your point of view.

States Welcome Industry *continued from page 8D*

The U.S. Department of Commerce keeps tabs on "general assistance, incentives, and special services" that states offer industry.

Commerce Department's tally shows that 19 states permit the city, county, or state government to issue general obligation bonds to help finance a company's location or expansion.

Eighteen states, the department says, will give a new or expanding industrial resident some exemption from personal income taxes. Seventeen offer the corporation a break on income taxes.

Fourteen states are prepared to offer free land to the right kind of industrial employer.

Low-interest loans

New Jersey, says Gov. Brendan T. Byrne, provides low-interest loans for new and expanding businesses.

As of July 1, he adds, "we had granted loans for business expansion totaling \$200 million."

The result: More than 10,000 new jobs, the governor says.

"There is no comprehensive policy which precludes any industry from doing business in New Jersey," says Gov. Byrne. However, he adds, "we seek firms that will create employment while presenting the least possible problem in terms of environmental protection."

Florida is one of the states that offers no tax incentives to new business. Its tax structure compares favorably with other states', Gov. Reubin O. Askew says, but it boasts of other inducements. "Florida's great assets continue to be its environment, climate, ready work force, and growth prospects," he says.

Inexpensive power

Unlike Florida, Tennessee has no spun-sugar beaches on the Gulf of Mexico, nor pounding Atlantic Coast surf. But the state has other advantages to market.

What does Tennessee brag about? Among other things, says Gov. Ray Blanton, low-cost electricity from the Tennessee Valley Authority, lots of cheap natural gas from federally regulated pipelines, and good transportation.

The Midwest, one of the richest

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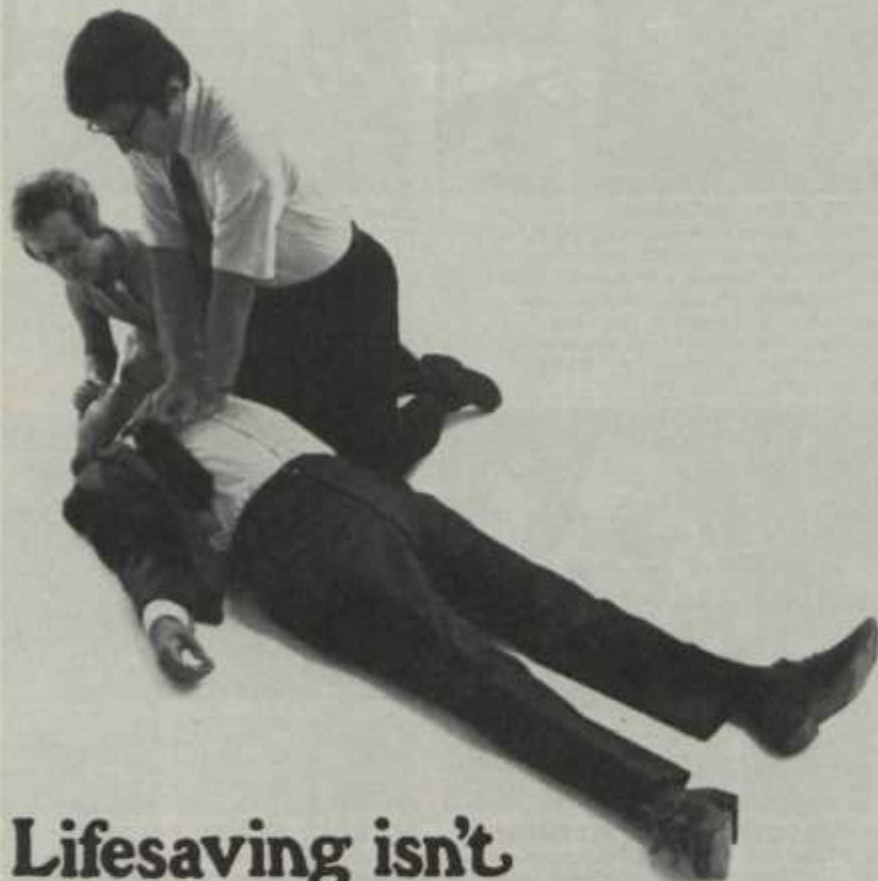
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disturbance in heart rhythm, the brain begins to die. Minutes count. Prompt application of mouth-to-mouth breathing and chest compression (CPR) keeps blood flowing to the brain. CPR can restore life, or sustain it until complete cardiac care can be started. Thousands of victims of sudden heart arrest have been saved by these CPR "lifeguards". A lot is being done these days to prevent premature death, to save hearts "too good to die"—and the Heart Association is doing it. Your gift to the Heart Fund will keep us at it.

Give Heart Fund
American Heart Association



Contributed by the Publisher

States Welcome Industry

continued

farm areas in the world, welcomes urban employers.

Iowa, says Gov. Robert D. Ray, especially wants warehouses, meat and food processors, and fabricators of metal products.

South Dakota, says Gov. Richard F. Kneip, looks for "clean industries, more specifically assembly operations serving national or regional markets."

The state's neighbor, North Dakota, encourages introduction of businesses like these:

Small—Hiring 50 people or fewer, but using North Dakota's labor force.

Indigenous—Using the state's raw materials and its know-how in agribusiness.

Selling overseas prospects

Only a few southern states have been more persuasive in boosting industrial promotion than South Carolina.

But when it comes to selling overseas prospects, the Palmetto State says it's in a class by itself.

"West German investments in South Carolina have exceeded that country's investments anywhere in the world outside of Europe," says Gov. James B. Edwards.

"German firms, like their American counterparts, have been attracted to South Carolina by our willing labor force, our healthy attitude toward corporate profit, our state's livability, and the many tax advantages the state offers to new and expanding industry."

Keep-out sign

In the Northeast, Vermont has a keep-out sign for some industries.

It encourages only those which are "compatible with the economic and environmental goals of the state," Gov. Thomas P. Salmon says, "and consistent with the state's environmental control law."

At the same time, the governor says, Vermont provides financial support for manufacturing through four programs, including direct, low-interest loans.

The direct loan program alone, he adds, "is quite successful, generating . . . 435 new jobs for \$1 million in loans."

A payoff for Yankee ingenuity.

END

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(Trumpet fanfare)

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This has been a presentation of the Chamber of Commerce of the United States



in celebration of America's Bicentennial.

This is one of a series of educational public service messages being shown on television across the nation. They are based on articles which appeared in Nation's Business.

Switzerland: Worker Shortages During a Recession

The Swiss economy is on the downbeat, but many countries might like to see their own economies in the same shape.

This article tells why



Switzerland is known for picturesque scenes and modernity. Left: a cafe in Zurich. Right: electronic equipment is used in watchmaking.

Switzerland, one of the most prosperous countries in the postwar world, is experiencing its worst period of recession in more than a quarter-century.

By most standards, the economy is in an enviable situation. The official figure on the unemployment total, though it has risen, still shows only a little more than 7,500 jobless in a nation with a population of 6.4 million. There is literally no trouble on the labor relations front. Inflation, at around eight percent, could be much worse, and the Swiss franc remains one of the strongest currencies in the world. The balance of payments is in the black and getting blacker every month.

But the Swiss economy is definitely on the downbeat. Gross national product fell 0.8 percent in real terms last year and is expected to show another 3.5 percent drop for 1975. In the first quarter of this year, industrial production was 18 percent below the same period of 1974, and there are as yet no signs of a turnaround. Due particularly to the sky-high value of the Swiss franc, but also to worldwide decreases in demand, the export-slanted manufacturing economy is feeling the pinch.

These factors, of course, contribute to a generally depressive influence on corporate investment. Construction of all kinds has decreased as has, to a lesser extent, equipment investment.

There are various reasons, in addition

to the temporary weakness of national and international demand, for the decline in investment.

The franc's upward float

The upward float of the Swiss franc has made goods produced in Switzerland much more expensive in world markets and at the same time has opened certain sectors of the Swiss market to a flood of less costly imported items. The lofty standard of living keeps wages high by international standards; similarly, high prices of local goods make investment projects themselves relatively dear.

There is a marked shortage of qualified personnel in Switzerland, a fact only slightly modified by the rise in unemployment. Apart from the likelihood that the indigenous work force will expand only slightly in the foreseeable future, the government, for economic and political reasons, is restricting entry of foreign employees—an important segment of the wage-earning population.

Meanwhile, there is growing grassroots animosity toward new industrial projects. Recent examples are the successful opposition to a Unilever plan to build a factory at Kaiseraugst, near Basel; and considerable opposition to a major nuclear power station project—by coincidence, also in Kaiseraugst—and to a large-scale venture of the Hoffman-La Roche group in vitamins production at Siseln.

However, the many Swiss-owned multinationals are staying remarkably loyal to their own country as a manufacturing base, even though the foreign share of their capital expenditures is growing from year to year. A recent survey by the Union Bank of Switzerland indicates that such major enterprises as Ciba-Geigy, Sandoz, Alusuisse, Buhle, and Brown, Boveri all increased investments in Switzerland last year.

Foreign inroads limited

Foreign concerns, though, never have made really great inroads into Swiss industrial activity. Today, few projects for new manufacturing facilities are planned by non-Swiss groups. Probably the last of any size for some time to come was the Unilever venture at Kaiseraugst, now postponed until further notice.

This does not mean Switzerland has no place for foreign undertakings under present conditions. Its central location, excellent transport services, highly developed banking system, and general modern business know-how still make it a first-class site for European headquarters—as Dow in Horgen and Du Pont in Geneva can testify. In addition, Switzerland is an ideal locale for regional administrative or research and development centers.

The important Swiss capital market and the locally based banking network also have been providing an excellent environment for branches

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Worker Shortages During a Recession *continued*

and subsidiaries of foreign banks and financial affiliates of such industrial firms as Pirelli or Siemens.

Difficulties exist, however, in the form of highly restrictive work-permit regulations—which apply to corporate executives as well as to blue-collar workers, even though representatives from the Swiss-American Chamber of Commerce and other interested parties have helped bring about a partial recognition of the foreign businessman's beneficial role in the economy.

Also, difficulties exist in the licensing of new foreign banks—the Swiss authorities are strict on the question of reciprocity.

On a smaller scale, considerable numbers of American and other companies continue to form nonactive subsidiaries in Switzerland, availing themselves particularly of fiscal advantages offered by such cantons as Zug or Fribourg.

Economic upturn ahead

The current Swiss recession is likely to draw to a close before the end of this year in most sectors, with noticeable upturn probable about mid-1976.

It may then be worth looking at Switzerland again as a target for direct investments, especially if it has proved possible to bring down the Swiss franc from the heights.

Switzerland's very real advantages as a foreign investment base, not least of them a powerful domestic market, continue unaltered. Indeed, they still apply during the temporary recession. A brave investor might consider this a good time to look toward Switzerland, with the construction trades in need of orders and the government keen on providing new jobs. Another aspect of the current economic situation is that interest rates are low and the ceiling has been taken off credit expansion rates.

The investor should, however, check most closely on the labor, work-permit, currency, and—if applicable—local community relations aspects before taking the plunge.

Prepared in cooperation with the Swiss-American Chamber of Commerce.

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BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

Ford Administration Ponders Changes in Price-Cutting Law

The Ford administration reportedly is drafting legislation that would ease or even eliminate restrictions on selective price cuts by manufacturers or wholesalers.

At issue is the Robinson-Patman Act, passed in 1936 to protect small business from price discrimination. Basically, the law says that a seller of a product to retailers can't cut the price for one retailer without cutting it for others. The act was designed originally to protect suppliers from pressure for discounts by retailers who buy in large quantities, but it has been used primarily to police suppliers.

Advocates of reform contend that the act curbs competition, and that it results in higher prices to the consumer. They say

that a supplier's special price cut for some retailers not only would benefit those retailers' customers, but could benefit other consumers, too. Increased volume due to the price cut, they explain, could impel the supplier to cut prices generally.

The Justice Department has been seeking reaction from other government agencies and Capitol Hill to three approaches:

Outright repeal of the act with no replacement; repeal with new legislation to replace it; or amendments.

The reception from the House Committee on Small Business was cold, and small retailers generally are expected to oppose tampering with the present law. Large retailers are likely to favor some changes.

How Citizens Compare Federal, State, and Local Government

According to the Advisory Commission on Intergovernmental Relations, Americans tend to believe they get more value for their tax dollar from the federal government than from local or state governments.

The commission reports 38 percent of more than 2,000 people surveyed recently thought the best deal comes from Washington, 25 percent voted for local government, and 20 percent favored state government. Seventeen percent didn't hazard a guess.

Other conclusions from the survey, which was conducted for the commission by Opinion Research Corp.:

- The federal income tax and local property tax draw approximately equal amounts of fire from citizens as the most onerous levies.

- An overwhelming proportion of national opinion favors either keeping the general level of government services and taxes where they are (45 percent), or decreasing them (38 percent).

The commission, composed of representatives of federal, state, and local governments and of the general public, was created by Congress to review the workings of the intergovernmental system.

Huge Jump Possible in American Exports to Red Nations

U.S. exports of manufactured goods to communist countries, which totaled \$717 million in 1974, could rise to more than \$4.5 billion by 1980, according to the Commerce Department.

However, help from Congress is going to be needed if that volume is to be reached, says Commerce Secretary Rogers C.B. Morton. He explains that legislation is required to relax existing curbs on East-West trade. Certain provisions of the Trade Act of 1974, he warns, have made it "extremely difficult to normalize commercial relations" with most nations in the eastern bloc.

Exports of manufactured goods by western nations to communist countries are expected to rise 15 percent annually to \$45.5 billion by 1980, the Commerce Department says. With legislative action and aggressive marketing by U.S. firms, Commerce adds, the American business share could be ten percent.

Presently, the U.S. has only four percent of this trade. The leader is West Germany with 39 percent. It is followed by Japan with ten percent; Italy with 9.5 percent; and France with 8.5 percent. Even Belgium and Luxembourg, both with 4.6 percent, top us.

Small Businessman's Pension Paperwork Burden May Be Lighter

Businessmen with less than 100 employees in private pension plans would get some measure of relief from paperwork, if a bill introduced by Sen. Lloyd Bentsen (D.-Texas) becomes law.

The bill, S. 2344, would amend the Employee Retirement Income Security Act of 1974 to require the Secretary of Labor to issue simplified reporting and disclosure requirements for small pension plans.

Sen. Gaylord Nelson (D.-Wis.), chairman of the Senate Small Business Committee, is cosponsor of the bill.

Sen. Bentsen, who was one of the spon-

sors of the 1974 pension reform law, now says he realizes its detailed reporting requirements put an unreasonable burden on the small businessman's shoulders.

"In fact," he says, "many small businessmen may be forced to terminate their retirement plans if the paperwork burden becomes too costly and overwhelming."

The Pension Benefit Guaranty Corp., created by the 1974 pension law to insure plans, advised at the end of August that approximately 3,000 pension plans were being terminated for various reasons. The casualty list may top 5,000 for the year.

A Move to Update Federal Purchasing

Selling to the federal government may eventually be less complicated if legislation proposed by the Ford administration becomes law.

Sen. Charles H. Percy (R.-Ill.) recently introduced S. 2309, the Federal Procurement Act of 1975, in the Senate at the behest of the Office of Management and Budget. The bill's goal is to update and consolidate federal procurement regulations. Two major statutes to be consolidated are the Armed

Services Procurement Act and Title III of the Federal Property and Administrative Procedures Act of 1949.

S. 2309 is in line with recommendations of the now-extinct Commission on Government Procurement, which were aimed at modernizing the perplexing, ponderous system of awarding government contracts. Many of the commission's recommendations have been put into effect through administrative action, but others require legislation.

Easier Registration of Trademarks Abroad?

The United States is moving closer to formal adoption of an international trademark registration procedure that will put U.S. citizens on a par with those of other nations.

Americans must take separate actions in some 150 countries in order to gain worldwide protection of a trademark.

An inequity exists between U.S. trademark owners and those of other nations, most of which abide by the Madrid trademark agreement of 1891. The U.S. has never been a party to this agreement.

Under the Madrid agreement, international registration is permitted if the mark is registered in the home country. In the U.S., a trademark must be used in commerce before it can be registered. This is not necessarily so in signatory countries.

The U.S. refused to sign the Madrid agreement because of fear of a flood of registrations and of possible chicanery. While this has protected U.S. nationals domestically, it has hamstrung them elsewhere.

Now, the President has sent the Trademark Registration Treaty, signed in Vienna in 1973, to the Senate for advice and consent. The Vienna treaty sets up an international trademark system under which a mark may be registered whether or not it is registered in the owner's home country. The U.S. was a prime mover in drafting the treaty.

Final U.S. ratification of the treaty will hinge on congressional passage of implementing legislation amending the Trademark Act of 1946.

U.S. Moves Closer to the Metric System

It now seems virtually certain that the U.S. will go metric officially, with businesses and individuals making the switch on a voluntary basis.

The outlook for conversion to the metric system in this country improved markedly when the House passed and sent to the Senate H.R. 8674, a bill that commits the federal government to assist in coordinating the conversion. It was the first such action by the House. The Senate passed a metric bill in 1972, but the legislation died in the other chamber.

House passage of H.R. 8674 came only after organized labor dropped its opposition, which had been the major roadblock. The Senate is expected to pass the bill this session with little or no change.

The bill calls for a 25-member board to plan and coordinate the changeover to the metric system. The board would receive inputs from the public and private sectors. If legislation, such as for subsidizing the purchase of metric tools, seems necessary, the board would make recommendations to Congress.

"The Most Dangerous Piece of Legislation Ever Presented to the Congress"



LEGISLATION to set up a new consumer protection agency is now before Congress. The proposal is supported by Ralph Nader and other consumer activists.

"What do you think about this proposed consumer legislation?" National Chamber President Dr. Richard L. Leshner asked former Sen. Sam J. Ervin, Jr., in a recent TV interview.

"I think that it is the most dangerous piece of legislation ever presented to the Congress," Sen. Ervin said.

This observation takes on added meaning when you recall that the retired senator from North Carolina has a long and distinguished record as a protector of the rights of individuals.

"The proposed consumer act," he explained, "is based on two premises which I think don't exist."

"The first premise is that every businessman—every producer of goods and services—sits up nights trying to devise new ways to defraud his customers, on whose goodwill he is dependent for his prosperity."

"The second premise is that all American people are mentally inferior to the point where they can't look after their own interests and have to be put under some kind of bureaucratic guardianship."

Sen. Ervin pointed out: "The danger is that this legislation completely ignores the very bedrock on which the private enterprise system is founded and which is necessary if it is to thrive. The proponents of the legislation seem to think that those who are in business should have a sort of czar to supervise

their conduct with the most tremendous powers ever granted to any man in the history of the United States. This administrator would ride herd on all Americans who are engaged in making goods or rendering services."

"The bad thing about it is that this administrator would be empowered to act—to go into any regulatory agency and to participate in its deliberations and to tell them what they should do. He could go around and throw monkey wrenches in all the machinery of government."

In addition, Sen. Ervin said: "The administrator would not be able by himself to have all the knowledge needed to exercise all the powers the law would give him. He would have to build himself another big bureaucracy—and you would have one of the biggest departments in Washington."

Business doesn't need that kind of bureaucracy.

Business, however, does need happy consumers. Consumer welfare is of prime interest to businessmen, for the simple reason that unhappy customers mean lost sales. And lost sales add up to red ink.

Therefore, business in general supports President Ford's decision to improve consumer representation in existing government agencies without adding another layer of bureaucracy. Business favors a consumer affairs office to coordinate existing programs.

But business does not favor a new consumer agency with extensive intervention powers to serve as a "consumer advocate." The American people are overregulated already.



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